Annual Financial Report

2007

Fiscal Year Ended December 31

Montréal

Annual Financial Report 2007

VILLE DE MONTRÉAL

2007 annual financial report
Year ended December 31, 2007

Deposited at the City Clerk's Office
of the Ville de Montréal
April 23, 2008

Montréal

Prepared by the Service des finances
Direction de la comptabilité et du contrôle financier

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Introduction

2007

MESSAGE FROM THE MAYOR AND THE CHAIR OF THE EXECUTIVE COMMITTEE

Dear Fellow Citizens,

Our administration has, since taking the helm in Montréal, always administered public moneys with great diligence and care. The 2007 Financial Statements once again attest to this fact.

Montréal ended 2007 with a budget surplus of $93 million, or 2.4% of the $3.92 billion budget that had been adopted for that period.

This surplus is due in particular to the efforts that all of our administrative units deployed to comply with the objective of the review of activities, services, operations and programs that we launched in 2006. This review has been aimed at refocusing the city around its core missions, enhancing our organizational performance and generating new financial flexibility.

By the conclusion of this vast exercise in 2009, we plan to have slashed $300 million from our expenditures and removed 1,000 positions from our workforce. In 2007, we had already achieved recurring savings of some $100 million and eliminated slightly more than 150 positions. We are, accordingly, on the track for meeting our goal, particularly as these streamlining efforts will be even more clearly targeted in 2008.

The vitality of the real-estate market, tighter debt management and higher interest revenue on our investments and cash flow also helped us achieve this end-of-year surplus.

However, additional costs relating to snow removal operations at the very end of 2007 affected this period's results. Primarily because of heavy snowfalls in December 2007, these operations alone spawned a deficit of $34.3 million. This gap was filled by surpluses generated by other borough activities.

Our decision to allocate an additional contribution of $27 million to the Société de transport de Montréal out of the 2007 results also had an impact on our end-of-the-year surplus. This additional contribution will help the STM improve its infrastructure and service.

As anticipated, a good portion of the 2007 surplus will be assigned to the 2008 Budget, as well as to the implementation of various other budgetary decisions made by the City Council and the Urban Agglomeration Council.

Furthermore, as we announced a few weeks ago, an amount of $15 million was returned to the boroughs a few weeks ago on an exceptional basis to offset deficits resulting from the use of snow removal sites during the 2007-2008 winter.

We are also thinking in terms of the future. Our initiative of establishing two funds—the Water Fund in 2003 and the Road Fund in 2006—to pay cash for certain capital expenditures, rather than to increase debt levels, is a very fine example of this principle. The same rule applied with the Fonds d'investissement pour le développement des grands projets that we established in 2007 to speed up the completion of projects (such as Quartier des spectacles redevelopment efforts) that promise to increase wealth citywide.

We are, moreover, very pleased and quite proud to observe that Moody's has recognized our sound management of public funds. Moody's which is one of the world's best known and most credible rating agencies, has listed Montréal as Aa2, the best ranking in Montréal's history.

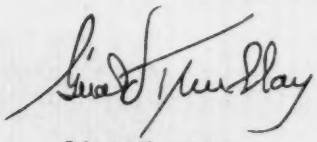
By maintaining this credit rating in its latest financial analysis of Montréal, Moody's recognized that our city has succeeded in generating a surplus despite its limited financial leeway and the many organizational challenges it faces. Moody's analysis also stated that Montréal can, based on its financial indicators, look forward to satisfactory financial performance and stability.

Such comments encourage us to forge ahead with our efforts aimed at ensuring that Montréal's financial situation continues to improve. We remain hopeful that we can convince the Government of Québec to provide us with new tools to boost the city's administrative and financial autonomy.

If we are to ensure that Montréal will assume its full role as Québec's leading city and economic powerhouse, we cannot rely indefinitely on revenues of which 72% depend on property taxes. We must obtain a better share of the wealth created in Montréal and obtain access to new predictable and permanent sources of funding. This issue is vital if we are to continue attending to the needs of our city, constantly improving our quality of life, massively investing in the rehabilitation of our infrastructure, developing Montréal's assets and achieving its full potential.

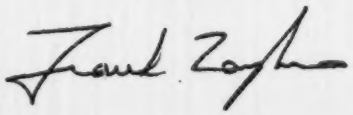
We seek the best for Montréal and for you, our fellow citizens, and it is to this great challenge that we shall continue to devote our every effort.

Mayor of Montréal



Gérald Tremblay

Chair of the Executive Committee



Frank Zampino, FCA

MESSAGE FROM THE DIRECTOR GENERAL AND THE TR

Fellow Citizens:

The city is presenting its second financial report under the new governance structure tha January 1, 2006. Montréal accordingly benefitted from greater organizational stability in 2007 to improve the quality of services provided to residents throughout the entire island, despi situation that remains precarious.

The 2007 Financial Statements present a consolidated version of the city's financial activiti those of its reporting entities, such as the Société de transport de Montréal. For this reason, dated financial data of 2007 cannot be compared to those of 2006.

The review of our administrative activities that was initiated in August of 2006 has er once again save some $100 million in fiscal 2007, while maintaining the hiring freeze. We ha more than 2,300 activities in the course of this review. An exercise of this magnitude requir adjustments in terms of our management methods. At each stage of this process, which until 2009, we have had to re-examine our choices, without overlooking our residents' a This effort will thus enable us to consider new strategies for providing the population wit efficient services.

A surplus of $93 million was recorded for fiscal 2007. This surplus is partly due to a ris generated by the growth in real-estate activity. Furthermore, the continuation of our ac program has also yielded significant savings. We shall also pursue our debt management pc have so far borne fruit. Municipal debt dropped slightly in 2007. With respect to investment, advantage of the favourable financial market situation and benefitted significantly fron interest rates, in terms of both its debt and its cash balance.

Since the establishment of the Water Fund in 2003 and the Road Fund in 2006, we hav to provide better infrastructure to residents. The strategy on which these funds are based us to pay cash for work that would, under other circumstances, have required loans. achieved major savings. In 2007, we accelerated repairs to and upgrades of our infras invested $268.8 million in water-related activities and $297.4 million in those pertaining to t arterial road systems.

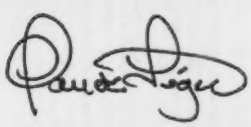
The 2007 budget surplus is smaller than that of prior years. Snow-related activities alo deficit of $34 million. Furthermore, we made a supplementary contribution of $27 million tc de transport de Montréal.

A large share (some 80%) of the $93 million saved in 2007 has already been reallocated the budget and to such activities as refloating the deficit resulting from snow disposal site The city will earmark $15 million to that item for 2007 and 2008.

Throughout fiscal 2007, we have strived to carefully and to diligently administer taxpayer
a result, and for the second year in a row, Moody's credit rating agency recognized the qu
management approach by awarding us an Aa2 rating—the best such ranking in Montréal's
distinction is largely due to the administrative choices we have made over the past few years. Ou
ment of specific funds is making a significant contribution to reducing the city's debt burden and
one of the factors in our performance. The creation in 2007 of a new fund earmarked for in
one more tool to help our administration speed up Montréal's economic development.

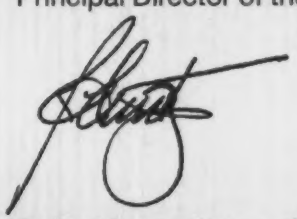
The quality of management expressed by an organization's administration depends more than a
on the quality of its employees. Responsible management requires that our employees understa
and issues and help meet our challenges. Such commitment attests to their understanding and
to this city. Without their professionalism and devotion, no major project would ever get off the
thank them for their efforts. The financial results of 2007 demonstrate our desire to apply oursel
to ensure that Montrealers are proud of their city and have faith in its future.

Director General,



Claude Léger, Eng.

Principal Director of the Service des finances a



Robert Lamontagne, CA, MBA

The Island of Montréal
and its population

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The Island of Montréal
and its population

The Ville de Montréal and its 19 boroughs

The 15 reconstituted municipalities

Montréal total population: 1,637,563

Total population of the Island of Montréal: 1,876,932

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THE MUNICIPAL ORGANIZATION

Since January 1, 2006, the administration of the city has been divided between urban agglomeration and local responsibilities. The *Act respecting the exercise of certain municipal powers in certain urban agglomerations* gives Montréal the power to provide services and manage collective amenities for all island residents. Montréal also provides local services to its residents.

Montréal Urban Agglomeration Council

The urban agglomeration responsibilities are exercised within the Urban Agglomeration Council. This Montréal political entity and decision-making body has the authority throughout the Island of Montréal to authorize any expenditure and levy any tax within its field of jurisdiction.

The municipalities are represented at the Urban Agglomeration Council and their vote is proportional to their respective demographic weight. The mayor of Montréal presides over the Urban Agglomeration Council, which is made up of:

- 15 elected officials from Montréal's City Council, who are appointed by the mayor
- 14 mayors representing the 15 reconstituted municipalities (L'Île-Dorval and Dorval have one representative)
- An additional representative for Dollard-Des Ormeaux, named by the mayor of this municipality

As the central city within the agglomeration, Montréal is responsible for common services to citizens of all the municipalities, in a spirit of equity and solid management of public funds. These services include:

- Security: police, fire department and 9-1-1
- Water management, except local conduits
- Public transit
- Solid waste management plan
- Management of streets and arterial roads on the island
- Property assessment
- Economic promotion
- Municipal court

Costs for these services are covered by the income generated by the urban agglomeration tax, or common tax, paid by all taxpayers on the Island of Montréal.

City Council and Borough Councils

Montréal also assumes its responsibilities for local powers within the city. These responsibilities are shared among political bodies at two levels: the City Council and borough councils.

The **City Council**, which is made up of the mayor of Montréal and 65 city councilors, is responsible for:

- Adopting the urban plan which defines the city's key development orientations.
- Adopting the annual budget and the Three-Year Capital Works Program.
- Managing various municipal organizations, including the Conseil interculturel, Conseil du patrimoine and Office de consultation publique.

The **19 borough councils**, which are made up of at least five councillors each, including the borough mayor, are responsible for local services, including:

- The Urban Planning By-law
- Local economic, community and social development
- Local cultural and recreational facilities
- Local parks
- Local road management
- Cleanliness

The cost of local services on the Island of Montréal is paid using revenue from local property taxes, which are paid by all Montréal taxpayers. In some cases, taxpayers in a given borough may, according to decisions by their borough council, be required to pay a borough tax for local services.

Financial Statements and Governance

Pursuant to the *Act respecting the exercise of certain municipal powers in certain urban agglomerations,* all Ville de Montréal expenditures and income must be accounted for and distributed according to the governance structure, i.e. between the Urban Agglomeration Council budget and the City Council budget.

With this type of governance, Montréal, as the central city within the urban agglomeration, is a key player in managing services provided to Island of Montréal residents. At the Island and local levels, it provides quality services to all citizens, as it manages public funds with utmost rigour.

Consolidated Financial Information

2007

The Municipal Administration's Responsibility for Financial Reporting

The consolidated financial statements in this report have been prepared in accordance with generally accepted accounting principles applicable to local governments and issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, as described in Note 3 to the Consolidated Financial Statements.

The consolidated financial statements and all other information in this annual report are the responsibility of the Municipal Administration. The Municipal Administration has also ensured consistency between the consolidated financial statements and all other information disclosed in the annual financial report.

To assess certain facts and operations, the Municipal Administration has made estimates based on its best judgment of the situation and by taking into account materiality.

The Municipal Administration is responsible for maintaining appropriate internal control and accounting systems that provide reasonable assurance that the City's policies are adopted, that its operations are carried out in accordance with the appropriate laws and authorizations, that its assets are adequately safeguarded, and that the consolidated financial statements are based on reliable accounting records.

The City's powers are exercised by the Agglomeration Council, the City Council, or by the borough councils.

The Audit Committee is made up of five members, two of which are external members. Its responsibilities include overseeing financial reporting and presentation procedures, which includes reviewing the consolidated financial statement and other information contained in this annual financial report.

The General Auditor of Montréal and the external auditors, Samson Bélair/Deloitte & Touche s.e.n.c.r.l., have audited the consolidated financial statements and presented the following report.

Robert Lamontagne, CA, MBA
Senior Director and Treasurer

Claude Léger, Eng.
Director General

Montréal, April 15, 2008

Montréal

Bureau du vérificateur général
1550, rue Metcalfe
Bureau 1201
Montréal (Québec) H3A 3P1

REPORT OF THE GENERAL AUDITOR OF MONTRÉAL

To the Mayor,
the Chairman and the Members of the Executive Committee,
the Members of the Council of the Ville de Montréal,
the Members of the Montréal Agglomeration Council

I have audited the consolidated statement of financial position of Ville de Montréal ("the City") as at December 31, 2007 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the City's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2007 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

General Auditor of Montréal,

Michel Doyon, CA

Montréal, April 15, 2008

Deloitte.

Samson Bélair/Deloitte & Touche s.e.n.c.r.l.
1 Place Ville Marie
Suite 3000
Montréal QC H3B 4T9
Canada

Tel: 514-393-5183
Fax: 514-390-4109
www.deloitte.ca

External auditors' report

To the Mayor,
the Chairman and the Members of the Executive Committee,
the Members of the Council of Ville de Montréal,
the Members of the Montréal Agglomeration Council

We have audited the consolidated statement of financial position of Ville de Montréal ("the City") as at December 31, 2007 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2007 and the results of its operations and the changes in its financial position for the year then ended in accordance with the Canadian generally accepted accounting principles.

Samson Bélair/Deloitte & Touche s.e.n.c.r.l.

Chartered Accountants

Montréal, Canada
April 15, 2008

Member of
Deloitte Touche Tohmatsu

Annual Financial Report

2007

Consolidated Statement of Financial Position
As at December 31, 2007

	Notes	2007	2006 (Note 2)
		(in thousands of dollars)	
FINANCIAL ASSETS			
Cash and temporary investments	4	715,591	539,502
Investments	4	1,236,229	1,184,314
Accounts receivable	5	2,469,658	1,811,929
Assets held for sale		4,780	2,013
Loans	6	30,314	7,770
		4,456,572	3,545,528
NON-FINANCIAL ASSETS			
Capital assets	7	7,540,452	5,664,636
Assets held for sale		87,494	122,838
Inventories		51,637	23,559
Other non-financial assets	8	46,316	45,105
		7,725,899	5,856,138
		12,182,471	9,401,666
LIABILITIES			
Temporary loans	9	113,140	
Accounts payable, provisions and accrued liabilities	10	1,244,125	995,039
Deferred subsidies			1,223,753
Deferred revenues	11	142,254	180,725
Long-term debt	12	7,600,313	6,552,882
Employee future benefits liability	13	288,039	133,632
		9,387,871	9,086,031
TAXPAYERS' EQUITY			
Fund balances			
Unrestricted surplus		93,629	93,674
Restricted surplus		256,870	247,509
Financial reserves and reserved funds		(62,068)	(223,634)
Amount to be funded in the future		(1,621,077)	(198,470)
		(1,332,646)	(80,921)
Net investment in capital assets	14	4,127,246	
Net investment in long-term assets			396,556
		2,794,600	315,635
Commitments and contingencies	17		
		12,182,471	9,401,666

The notes and schedules are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Activities
Year ended December 31, 2007

(in thousands of dollars)

	Note	2007 Budget	2007 Actual	2006 Actual (Note 2)
Revenues				
Taxes		2,579,912	2,597,439	2,526,576
Payments in lieu of taxes		245,877	242,893	246,309
Transfers	15	639,269	780,803	434,641
Services rendered		643,465	638,956	178,156
Fee collection		103,778	132,202	110,774
Fines and penalties		201,658	155,708	143,018
Interest		103,602	137,459	116,239
Other revenues		100,968	239,886	88,297
		4,618,529	4,925,346	3,844,010
Operating and capital asset expenditures				
General administration		640,152	504,913	518,527
Public safety		845,596	865,685	789,736
Transportation		1,726,974	1,571,092	858,238
Environmental health		500,256	457,991	445,543
Health and welfare		126,805	152,201	126,897
Urban planning and development		223,513	214,636	208,012
Recreation and culture		533,012	504,007	497,926
Financing expenses		453,595	427,837	400,947
		5,049,903	4,698,362	3,845,826
Surplus (deficiency) for the year		(431,374)	226,984	(1,816)
Financing				
Long-term financing of operating financial activities				1,260
Long-term financing of capital asset financial activities		897,537	554,191	482,775
Repayment of long-term debt		(491,948)	(378,279)	(400,497)
		405,589	175,912	83,538
Change in funds for the year before change in the amount to be funded in the future		(25,785)	402,896	81,722
Change in the amount to be funded in the future				488,305
Change in funds for the year			402,896	570,027
Fund balances at the start of the year as previously reported			(80,921)	(650,948)
Adjustment as at January 1, 2007	2		(1,654,621)	
Adjusted fund balances			(1,735,542)	(650,948)
Fund balances at the end of the year			(1,332,646)	(80,921)

The notes and schedules are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Financial Position
Year ended December 31, 2007

	(in thousands of dollars)	
	2007	2006
		(Note 2)
Financial activities		
Surplus (deficit) for the year	226,984	(1,816)
Items not affecting cash and cash equivalents		
Change in amount to be funded in the future		7,665
Reduction in borrowing – Operating financial activity expenditures		3,444
Other	(23,607)	2,339
	203,377	11,632
Changes in non-cash items		
Accounts receivable	(299,158)	77
Loans	(21,749)	
Assets held for sale	(2,377)	
Inventories	(1,589)	1,258
Other non-financial assets	(100)	11,990
Accounts payable, provisions and accrued liabilities	113,236	(33,722)
Deferred revenues	(1,135)	38,286
Employee future benefits liability	53,798	
	44,303	29,521
Investing activities		
Acquisition of investments	(264,255)	(199,381)
Sale of investments	333,079	84,603
	68,824	(114,778)
Financing activities		
Proceeds from long-term debt issue	892,769	690,191
Repayment of long-term debt, net of refinancings	(630,465)	(284,048)
Bond redemption by refinancing	(92,002)	(207,259)
	170,302	198,884
Net change in cash and cash equivalents	283,429	113,627
Cash and cash equivalents, beginning of year	539,502	425,875
Adjustment as at January 1, 2007	(220,480)	
Adjusted balance	319,022	425,875
Cash and cash equivalents, end of year	602,451	539,502

Cash and cash equivalents consist of cash, temporary investments and temporary loans.

The notes and schedules are an integral part of the consolidated financial statements.

Schedule 1 – Consolidated Operating Financial Activities

Year ended December 31, 2007

(in thousands of dollars)

	2007		2006
	Budget	Actual	Actual
			(Note 2)
Revenues			
Taxes	2,579,912	2,597,439	2,526,576
Payments in lieu of taxes	245,877	242,893	246,309
Transfers	550,519	391,631	375,547
Services rendered	643,465	638,956	178,156
Fee collection	103,778	132,202	110,774
Fines and penalties	201,658	155,708	143,018
Interest	103,602	137,459	116,239
Other revenues	94,944	223,458	76,378
	4,523,755	4,519,746	3,772,997
Operating expenditures			
General administration	559,183	454,706	478,830
Public safety	813,435	830,115	765,816
Transportation	1,133,528	1,139,545	619,491
Environmental health	354,706	342,084	324,635
Health and welfare	126,805	148,613	124,758
Urban planning and development	157,144	160,033	157,105
Recreation and culture	413,592	425,398	418,928
Financing expenses	453,595	427,837	400,947
	4,011,988	3,928,331	3,290,510
Surplus for the year	511,767	591,415	482,487
Financing			
Long-term financing of operating financial activities			1,260
Repayment of long-term debt	(491,948)	(378,279)	(400,497)
	(491,948)	(378,279)	(399,237)
Appropriations			
Capital asset financial activities	(23,774)	(87,662)	(15,463)
Unrestricted surplus		(13,403)	
Restricted surplus	47,742	81,133	95,156
Financial reserves and reserved funds	4,195	(43,919)	(22,574)
Amount to be funded in the future	(47,982)	(56,717)	
	(19,819)	(120,568)	57,119
Change in fund balances from the year's operating financial activities		92,568	140,369

The notes and schedules are an integral part of the consolidated financial statements.

Schedule 2 – Consolidated Capital Asset Financial Activities

Year ended December 31, 2007

(in thousands of dollars)

	2007		2006
	Budget	Actual	Actual
			(Note 2)
Revenues			
Taxes			
Transfers	88,750	389,172	59,094
Other revenues			
Developers' contributions	6,024	12,519	11,835
Other		3,909	84
	94,774	405,600	71,013
Capital asset expenditures			
General administration	80,969	50,207	39,697
Public safety	32,161	35,570	23,920
Transportation	593,446	431,547	238,949
Environmental health	145,550	115,907	118,457
Health and welfare		3,588	807
Urban planning and development	66,369	54,603	50,883
Recreation and culture	119,420	78,609	78,998
	1,037,915	770,031	551,711
Other expenditures			3,605
	1,037,915	770,031	555,316
Deficit for the year	(943,141)	(364,431)	(484,303)
Financing			
Long-term financing of capital asset financial activities	897,537	554,191	482,775
Appropriations			
Operating financial activities	23,774	87,662	15,463
Unrestricted surplus		(118)	123
Restricted surplus	20,000	4,488	13,081
Financial reserves and reserved funds	1,830	28,574	4,209
	45,604	120,606	32,876
Change in fund balances from the year's capital asset financial activities		310,366	31,348

The notes and schedules are an integral part of the consolidated financial statements.

Schedule 3 – Consolidated Unrestricted Surplus
Year ended December 31, 2007

(in thousands of dollars)

	Note	Transfer from	Transfer to	Balance
Local responsibilities				
Balance as at December 31, 2006, as previously reported				**36,261**
Adjustment as at January 1, 2007	2			**(12,136)**
Adjusted balance				**24,125**
Appropriation - Operating financial activities			(41,300)	**41,300**
Appropriation - Restricted surplus			62,222	**(62,222)**
Change in fund balances from the year's operating financial activities		99,276		**99,276**
Balance as at December 31, 2007		99,276	20,922	**102,479**
Urban agglomeration responsibilities				
Balance as at December 31, 2006, as previously reported				**57,413**
Adjustment as at January 1, 2007	2			**5,741**
Adjusted balance				**63,154**
Appropriation - Operating financial activities			27,897	**(27,897)**
Appropriation - Capital asset financial activities			(118)	**118**
Appropriation - Restricted surplus		103	29,012	**(28,909)**
Appropriation - Financial reserves and reserved funds			8,608	**(8,608)**
Change in fund balances from the year's financial operating activities		(6,708)		**(6,708)**
Balance as at December 31, 2007		(6,605)	65,399	**(8,850)**
UNRESTRICTED SURPLUS – Balance as at December 31, 2007		92,671	86,321	**93,629**

The notes and schedules are an integral part of the consolidated financial statements.

Schedule 4 – Consolidated Restricted Surplus
Year ended December 31, 2007

(in thousands of dollars)

	Note	Transfer from	Transfer to	Balance
Local responsibilities				
Balance as at December 31, 2006, as previously reported				**142,168**
Adjustment as at January 1, 2007	2			**909**
Adjusted balance				**143,077**
Appropriation - Operating financial activities			39,829	**(39,829)**
Appropriation - Capital asset financial activities			3,917	**(3,917)**
Appropriation - Unrestricted surplus		62,222	103	**62,119**
Appropriation - Financial reserves and reserved funds		2,227	1,500	**727**
Balance as at December 31, 2007		64,449	45,349	**162,177**
Urban agglomeration responsibilities				
Balance as at December 31, 2006, as previously reported				**105,341**
Adjustment as at January 1, 2007	2			**2,215**
Adjusted balance				**107,556**
Appropriation - Operating financial activities			41,304	**(41,304)**
Appropriation - Capital asset financial activities			571	**(571)**
Appropriation - Unrestricted surplus		29,012		**29,012**
Balance as at December 31, 2007		29,012	41,875	**94,693**
RESTRICTED SURPLUS – Balance as at December 31, 2007		93,461	87,224	**256,870**

The notes and scedules are an integral part of the consolidated financial statements.

Schedule 5 – Consolidated Financial Reserves and Reserved Funds

Year ended December 31, 2007

(in thousands of dollars)

	Balance as at 31/12/2006, previously reported	Adjusted as at Jan. 1, 2007 (Note 2)	Financial Activities – Operating Transfer from	Financial Activities – Operating Transfer to	Financial Activities – Capital Assets Transfer from	Financial Activities – Capital Assets Transfer to	Balance as at 31/12/2007
FINANCIAL RESERVES							
Local responsibilities							
Water management	3,426		46,918	38,620		2,570	**9,154**
Urban agglomeration responsibilities							
Water management	17,411		50,905	17,670		8,039	**42,607**
Road management	16,807		19,691	13,105		14,578	**8,815**
	34,218		70,596	30,775		22,617	**51,422**
	37,644		117,514	69,395		25,187	**60,576**
RESERVED FUNDS							
Local responsibilities							
Parks and playing fields	8,644		2,609	104		690	**10,459**
Financing of capital asset expenditures	(168,669)				61,742		**(106,927)**
Balance of closed-loan by-laws	7,536					2,227	**5,309**
Parking areas	2,838		483	50		25	**3,246**
Working capital	2,394		1,536			130	**3,800**
Land reserve funds	1,754		180				**1,934**
Security issuance expenses	1,020			58			**962**
Other	343		20				**363**
	(144,140)		4,828	212	61,742	3,072	**(80,854)**
Urban agglomeration responsibilities							
Financing of capital asset expenditures	(117,138)	(176,509)			248,624		**(45,023)**
Balance of closed-loan by-laws		1,196					**1,196**
Working capital		3,287	1,292			2,542	**2,037**
	(117,138)	(172,026)	1,292		248,624	2,542	**(41,790)**
	(261,278)	(172,026)	6,120	212	310,366	5,614	**(122,644)**
FINANCIAL RESERVES AND RESERVED FUNDS	(223,634)	(172,026)	123,634	69,607	310,366	30,801	**(62,068)**

The notes and schedules are an integral part of the consolidated financial statements.

Schedule 6 – Consolidated Amount To Be Funded in the Future

Year ended December 31, 2007

(in thousands of dollars)

	Balance as at 31/12/2006 as previously reported	Adjusted as at January 1, 2007 (Note 2)	Add	Deduct	Balance as at 31/12/2007
Transitional measures of January 1, 2000					
Accrued interest	(27,412)			25,189	**(2,223)**
Employee benefits	(37,426)	(15,742)		6,675	**(46,493)**
	(64,838)	(15,742)		31,864	**(48,716)**
Employee future benefits					
Pension plan	(27,398)	(7,703)	(30,428)		**(65,529)**
Other plans	(106,234)	(91,320)			**(197,554)**
	(133,632)	(99,023)	(30,428)		**(263,083)**
Changes in accounting standards as at January 1, 2007					
Long-term financing of operating activities		(1,364,559)		55,281	**(1,309,278)**
AMOUNT TO BE FUNDED IN THE FUTURE	(198,470)	(1,479,324)	(30,428)	87,145	**(1,621,077)**

The notes and schedules are an integral part of the consolidated financial statements.

Notes and Schedules to the Consolidated Financial Statements
December 31, 2007

1- GOVERNING STATUTE

The Ville de Montréal (the City) is a municipal corporation incorporated on January 1, 2002 under the *Charter of the City of Montréal* (R.S.Q., chapter C-11.4).

On January 1, 2006, following the results of the referendum held during 2004 under an *Act regarding public consultation on the territorial reorganization of certain municipalities* (S.Q. 2003, chapter 14), the former municipalities of Baie-d'Urfé, Beaconsfield, Côte-Saint-Luc, Dollard-Des Ormeaux, Dorval, Hampstead, Kirkland, Île-Dorval, Montréal-Est, Montréal-Ouest, Ville Mont-Royal, Pointe-Claire, Sainte-Anne-de-Bellevue, Village de Senneville and Westmount were reconstituted, thus forming 19 residual boroughs of the Ville de Montréal, grouping together 87% of the entire population of the island of Montréal. In compliance with the provisions of this Act, all the municipalities located on the island of Montréal, however, remain linked to one another and form an agglomeration consistent with the territory of Ville de Montréal as it existed as at December 31, 2005.

An *Act respecting the exercise of certain municipal powers in certain urban agglomerations* (R.S.Q., chapter E-20.001), completed by the *Montréal Agglomeration Order* (Order-in-Council No. 1229-2005), and the orders that amended it thereafter, lists and defines the powers of the agglomeration. Under this Act, Ville de Montréal is formed as the central municipality in charge of exercising, in addition to its local powers, the powers of the agglomeration.

The agglomeration is headed by an urban agglomeration council, a political and decision-making body that assumes the decision-making, taxation and rate-setting powers for the agglomeration services. The agglomeration council is a central municipal legislative body, separate from City Council pursuant to Section 14 of the *Charter of the City of Montréal*. It is made up of representatives of each linked municipality; the number of representatives of each municipality is determined proportionately based on the relative size of their respective population.

2- CHANGES IN ACCOUNTING POLICIES

On January 1, 2007, the City adopted the accounting standards applicable to local governments issued by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). It also amended the presentation of the net investment in long-term assets. Previously, the City's financial statements were presented in accordance with generally accepted municipal accounting principles in Québec and the specific principles described in the notes to the previous financial statements.

The changes in accounting policies outlined in the following paragraphs were applied retroactively without restating the previous financial statements. The cumulative effect of these changes on assets, liabilities and taxpayers' equity is recognized as at January 1, 2007 (see Note 2 l).

a) Principles of consolidation

Starting in 2007, the financial statements include the accounts of the City and those of the organizations under City control. In prior years, information pertaining to these organizations was disclosed in the notes to the financial statements.

b) Assets held for sale

Assets held for sale are recorded at the lower of cost and net realizable value. They were recorded at cost in previous years.

c) Loans

Loans with significant concessionary terms are presented at face value discounted by the amount of the grant portion. Loans were previously presented at face value.

2- CHANGES IN ACCOUNTING POLICIES (continued)

d) Deferred charges

Election expenses are no longer presented as deferred charges.

e) Deferred subsidies

Subsidies related to the acquisition of capital assets are no longer accounted for as deferred subsidies in the Statement of Financial Position. Prior to 2007, deferred subsidies were amortized at the same rhythm as the capital assets to which they related.

f) Proceeds on the disposal of capital assets and from assets held for sale and the related deferred revenues

Proceeds on the disposal of capital assets and from assets held for sale are recorded in the Statement of Financial Activities. Previously, the proceeds from such disposals were recorded as deferred revenues in the Statement of Financial Position up to the balance of the entire debt related to the loan by-law; proceeds of disposal exceeding the balance of the debt were recorded in the Statement of Financial Activities. Deferred revenues were amortized on a straight-line basis over the remaining term of the loan.

g) Net investment in capital assets

The net investment in capital assets is equivalent to the net carrying value of the capital assets, minus the portion of the debt related to these assets and related unrealized net foreign exchange gains, plus Sinking Fund investments that accrued to repay this debt and accounts receivable to be collected from third parties for such repayment. Previously, the net investment in capital assets was included in the net investment in long-term assets.

h) Transfer revenues related to the acquisition of capital assets

Transfer revenues related to the acquisition of capital assets are recorded in the Statement of Financial Activities when the related capital expenditures are recorded, provided that the City meets the eligibility criteria. Prior to 2007, transfer revenues from the provincial government pertaining to the acquisition of capital assets were recognized in the Statement of Financial Activities upon receipt.

i) Interest income and expenses

Interest income from Sinking Fund investments and from accounts receivable to be used to repay the long-term debt as at January 1, 2001 and interest expenses on the long-term debt issued prior to January 1, 2001 are recognized using the accrual method of accounting in the Statement of Financial Activities rather than being recognized on a cash basis.

j) Employee future benefit costs and obligations

The City recognizes a cost and an obligation for pension plans, other retirement benefits and other post-employment employee future benefits during the years in which services are rendered by employees. Prior to 2007, the cost relating to these plans was equivalent to annual contributions to be made, and the cost of other employee future benefits was accounted for using the cash basis of accounting. The consideration relating to the initial employee future benefits obligation established as at January 1, 2007 is recorded in taxpayers' equity under "Amount to be funded in the future."

2- CHANGES IN ACCOUNTING POLICIES (continued)

k) Repayment of long-term debt

Starting in 2007, the repayment of long-term debt presented in the Statement of Financial Activities includes principal payments and Sinking Fund contributions in respect of loans used to finance capital assets and for which such repayments are not covered by third parties. Previously, repayments also included those relating to loans used to finance assets held for sale and operating expenses, in addition to those covered by third parties.

l) Effect of changes in accounting policies

The cumulative effect of the changes in accounting policies as at January 1, 2007 on consolidated taxpayers' equity and the Consolidated Statement of Financial Position is shown in the tables below.

Adjustment of consolidated taxpayers' equity as at January 1, 2007
(in thousands of dollars)

Balance as at December 31, 2006, as previously reported	315,635
Principles of consolidation	759,088
Assets held for sale	(34,954)
Loans	(4,911)
Deferred charges	(5,780)
Deferred subsidies	1,223,753
Deferred revenues related to disposals of capital assets and assets held for sale	40,106
Accounts receivable - Municipal organizations	34,510
	2,011,812
Adjusted consolidated balance as at January 1, 2007	2,327,447

2- CHANGES IN ACCOUNTING POLICIES (continued)

I) Effect of changes in accounting policies (continued)

Adjustment of consolidated Statement of Financial Position as at January 1, 2007
(in thousands of dollars)

	31-12-2006 (as previously reported)	Changes	01-01-2007
FINANCIAL ASSETS			
Cash and temporary investments	539,502	23,278	562,780
Investments	1,184,314	120,739	1,305,053
Accounts receivable	1,811,929	385,599	2,197,528
Assets held for sale		2,013	2,013
Loans	7,770	795	8,565
	3,543,515	532,424	4,075,939
NON-FINANCIAL ASSETS			
Capital assets	5,664,636	1,612,288	7,276,924
Assets held for sale	124,851	(36,967)	87,884
Inventories	23,559	26,489	50,048
Other non-financial assets	45,105	1,111	46,216
	5,858,151	1,602,921	7,461,072
	9,401,666	2,135,345	11,537,011
LIABILITIES			
Temporary loans		243,758	243,758
Accounts payable, provisions and accrued liabilities	995,039	135,850	1,130,889
Deferred subsidies	1,223,753	(1,223,753)	
Deferred revenues	180,725	(37,403)	143,322
Long-term debt	6,552,882	904,472	7,457,354
Employee future benefits liability	133,632	100,609	234,241
	9,086,031	123,533	9,209,564
TAXPAYERS' EQUITY			
Fund balance			
Unrestricted surplus	93,674	(6,395)	87,279
Restricted surplus	247,509	3,124	250,633
Financial reserves and reserved funds	(223,634)	(172,026)	(395,660)
Amount to be funded in the future	(198,470)	(1,479,324)	(1,677,794)
	(80,921)	(1,654,621)	(1,735,542)
Net investment in capital assets		4,062,989	4,062,989
Net investment in long-term assets	396,556	(396,556)	
	315,635	2,011,812	2,327,447
	9,401,666	2,135,345	11,537,011

3- SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to local governments and issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

The term "City" as used in the notes, schedules and segment disclosures refers to the entity formed by Ville de Montréal and the organizations under its control; the expression "municipal administration" refers to Ville de Montréal, excluding the organizations under its control.

The significant accounting policies are as follows:

a) Principles of consolidation

The consolidated financial statements include the accounts of the City and the organizations under its control. These organizations include: the Société de transport de Montréal, the Société d'habitation et de développement de Montréal, the Saint-Laurent Technoparc, the Société du parc Jean-Drapeau, the Conseil des arts de Montréal, the Conseil interculturel de Montréal, the Office de consultation publique de Montréal, the Société de gestion NauBerges de Lachine and Anjou 80. Transactions between these organizations and reciprocal balances are eliminated.

b) Accounting method

Transactions are recorded in the City's books using the accrual basis of accounting. Under this method, revenues and expenditures are recognized in the year in which the events and transactions occur.

c) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make assumptions and estimates that affect reported amounts of revenues, expenditures, assets, liabilities, commitments and contingencies. Actual results could differ from those estimates.

The principal estimates include the allowance for doubtful accounts, the net realizable value of assets held for sale, the estimated useful life of capital assets, provisions for closure and post-closure costs for sanitary landfills, contested valuations and actuarial assumptions for establishing employee future benefits costs and obligations.

d) Investments

Temporary investments are recorded at the lower of cost and fair value.

Other investments are recorded at cost and are written down when there is a permanent decline in their value. The discount or premium on investments is amortized on a straight-line basis to maturity. The amounts accumulated in "Investments – Sinking Fund" are restricted to the repayment of long-term loans that do not require annual repayment.

e) Assets held for sale

Assets held for sale are recorded at the lower of cost and net realizable value.

f) Loans

Loans with significant concessionary terms are presented at face value discounted by the amount of the grant portion. The discount is amortized over the term of the loan using the effective interest method.

3- SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Capital assets

Capital assets, recorded at cost, are amortized over their estimated useful lives. Capital assets are amortized on a straight-line basis over the following periods:

Infrastructures	15 to 40 years
Métro system	25 to 100 years
Buildings	25 to 40 years
Leasehold improvements	5 to 15 years
Vehicles	5 to 20 years
Office furniture and equipment	5 to 10 years
Machinery, tools and equipment	5 to 25 years
Other	20 to 25 years

Amortization is applied against the net investment in capital assets.

h) Inventories

Inventories are recorded at cost, determined under the average cost method. Obsolete inventory is written off.

i) Other non-financial assets

The expense of issuing loans is amortized on a straight-line basis over the duration of the loans.

j) Provision for contested valuations

The provision for contested valuations is an estimate of refunds (both principal and interest) that may result from court decisions on contested real estate valuations or rental values and on contested classifications under the *Act respecting Municipal Taxation*.

k) Deferred revenues

Premiums upon issuance of securities are amortized over the terms of the loans, and deferred revenues from the sale of a franchise are amortized on a straight-line basis over the term of the agreement. Unrealized net exchange gains are amortized using the method described in Note 3 u).

l) Restricted surplus

Restricted surplus is the portion of the surplus whose use is reserved under the *Act to reform the municipal territorial organization of the metropolitan regions of Montréal, Québec and Outaouais* (2000, chapter 56), under the *Charter of the City of Montréal*, or under resolutions adopted by the city council, the agglomeration council and the borough councils.

m) Financial reserves and reserved funds

Certain amounts received by the City must be recorded in special accounts and used for specific purposes, particularly for the development and maintenance of parks, playing fields and parking areas and for the provision of water and road services. The balances relating to the financing of capital expenditures are presented in reserved funds.

3- SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Amount to be funded in the future

The amount to be funded in the future is the net balance of operating expenditures recognized in the Statement of Financial Activities that will be taxed in the future. Except for the balance relating to the initial obligation as at January 1, 2007 for other retirement benefits and other post-employment employee future benefits, this amount will be transferred by allocating it to the Statement of Financial Activities over estimated periods through 2045. The amount to be funded in the future results from the following:

- application of the transitional measures related to changes in accounting policies made in 2000 (amortization over an estimated period through 2020)

- the initial employee future benefits obligation (amortization of pension plans over an estimated period through 2017)

- the long-term financing of certain operating expenses essentially related to the refinancing in 2003 and 2005 of notarized deeds relating to certain pension plans (amortization over an estimated period through 2045)

o) Net investment in capital assets

The net investment in capital assets is equivalent to the net carrying value of the capital assets, minus the portion of the debt related to these assets and related unrealized net foreign exchange gains, plus Sinking Fund investments that accrued to repay this debt and accounts receivable to be collected from third parties for such repayment.

p) Transfer revenues

Transfer revenues are recorded in the Statement of Financial Activities when the related operating and capital expenditures are recorded, provided that the City meets the eligibility criteria.

q) Employee future benefits costs and obligations

- Defined benefit plans

Plan liabilities reflect the difference, at year-end, existing between the value of the accrued benefit obligations and the value of plan assets, net of unamortized actuarial gains and losses and the valuation allowance. The actuarial valuation of these liabilities is determined using the projected benefit method prorated on years of service with salary projection. It is also based on actuarial assumptions that include management's best estimate assumptions related to, among other things, the discount rates, the expected rate of return on plan assets and the rate of compensation increase and healthcare costs.

The plan assets are valued using a market-related value, determined over a period not exceeding five years.

Past service costs related to plan amendments are recognized in the year during which the amendments are made.

Actuarial gains and losses resulting from the difference between the actual and the expected rate of return on plan assets or resulting from changes in actuarial assumptions are deferred and amortized over the average remaining service life of active employees. As at December 31, 2007, this average remaining service life is 11 years.

- Defined contribution plans and pension plan for elected officials

The pension expense for these plans is recognized when contributions are due.

3- SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Closure and post-closure costs for sanitary landfills

Starting in 2009 and for an estimated period of 20 years, the City will assume closure and post-closure costs for sanitary landfills that it has operated. These accrued costs equal the present value of the expenses related to the final recovery of the site, as well as the control and maintenance of the collecting and processing systems of biogas and leachates. These estimated costs are recognized based on the landfill capacity already used.

Assumptions regarding the calculation of these costs are periodically reviewed to take into account the progress made in the management of sanitary landfills.

s) Environmental obligations

The City records an environmental liability when it is likely that corrective measures will be applied and the costs of these measures can be reasonably estimated.

t) Repayment of long-term debt

This item represents the repayment of loans and payments to the Sinking Fund related to loans used to finance capital expenditures and whose repayment is not covered by third parties.

u) Foreign currency translation

Revenues and expenditures resulting from transactions in foreign currencies are translated into Canadian dollars using the rates prevailing on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates prevailing on the date of the Statement of Financial Position.

Loan repayments and payments to the Sinking Fund relating to loans denominated in foreign currencies that are not subject to hedging of currency exposure are translated using the exchange rates prevailing at the transaction dates. For these loans, gains and losses resulting from the difference between the historical foreign exchange rate and the foreign exchange rate in effect at the date of repayment or payment are recorded in the Statement of Financial Activities.

The foreign exchange gain or loss related to a long-term monetary item denominated in a foreign currency but not subject to hedging of currency exposure is recognized in the Statement of Financial Position as a deferred item and charged to the Statement of Financial Activities using the straight-line method over the remaining term of the loans.

v) Derivative financial instruments

The City uses derivative financial instruments to reduce its currency and interest rate risk exposure on long-term debt. The City does not use financial instruments for trading or speculative purposes.

The City uses cross-currency swaps to manage the risk associated with loans denominated in foreign currencies. These cross-currency swaps are translated at the exchange rate prevailing at the date of the Statement of Financial Position. Those that represent financial assets are deducted from long-term debt, and those that represent financial liabilities are added to long-term debt. Gains and losses from derivatives are recognized in the same period as the exchange gains and losses related to the corresponding debt and are charged against the latter.

Furthermore, the City uses interest rate swaps to manage interest rate risk related to its debt. These contracts result in interest exchanges that are recorded as an adjustment to financing expenses. The amounts payable to counterparties or receivable from counterparties are recorded as an adjustment to the accrued interest on the corresponding debt.

3- SIGNIFICANT ACCOUNTING POLICIES (continued)

w) Agglomeration powers

Under an *Act respecting the exercise of certain municipal powers in certain urban agglomerations* (R.S.Q., chapter E-20.001), the City, in addition to its local powers, exercises agglomeration powers over the entire territory made up of linked municipalities. The primary agglomeration powers consist of the powers regarding municipal valuation, public transit, traffic lanes constituting the highway network, the water supply and water pollution control, disposal and reclamation of waste removal and recycling, municipal streams and lakes, police services, public security, fire protection and emergency preparedness, municipal court, social housing and assistance to the homeless and certain items of economic development. The breakdown of operating and capital asset financial activities, per type of power authority, is presented in schedules 1 and 2.

x) Presentation of operating and capital expenditures

General administration comprises all activities related to municipal administration and management. Expenditures are primarily related to the operations of the city council, the application of the law, and financial, administrative and human resources management.

Public safety comprises activities related to the protection of people and property. It includes all expenditures related to control, prevention and emergency measures as regards civil security.

Transportation comprises all activities related to the planning, organization and maintenance of road systems and to the transport of people and goods.

Environmental health encompasses expenditures related to aqueduct and sewer systems, waste management and protection of the environment.

Health and welfare comprises all public health and welfare services.

Urban planning and development comprises all activities related to urban development or the planning program and expenditures to develop the City's economic development programs.

Recreation and culture encompasses all activities connected with planning, organizing and managing recreational and cultural programs.

Financing expenses consist of interest and other costs related to financing financial activities.

y) Budget data

The budget data for 2007 presented in Schedule 1 – Consolidated Operating Financial Activities and Schedule 2 – Consolidated Capital Asset Financial Activities include the forecasts approved in December 2006 by the city council and the agglomeration council

z) Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

aa) Future accounting changes

Sections PS 1000, "Financial Statement Concepts," PS 1100, "Financial Statement Objectives," and PS 1200, "Financial Statement Presentation" were amended and will apply to all levels of government. The amendments focus primarily on local government applying the same reporting model currently adopted by senior governments for fiscal years beginning on or after January 1, 2009. As of that date, all governments in Canada will be reporting on a full-accrual basis of accounting.

Beginning in 2009, the City will adopt, among other things, the accounting standards issued in CICA Handbook Section PS 3150, "Tangible Capital Assets." These standards will require that the amortization of tangible capital assets with a limited useful life be expensed in the Statement of Financial Activities and that the total cost of land, which will no longer be amortized, be presented in a separate class of tangible capital asset. The City is currently assessing the impact that these new standards will have on its financial statements.

Notes and Schedules to the Consolidated Financial Statements (continued)
December 31, 2007

4- CASH AND INVESTMENTS
(in thousands of dollars)

	2007			2006
	Sinking Fund	Other	Total	Total (Note 2)
Cash (bank overdraft)		21,098 (1)	21,098	(32,729)
Investments				
Term deposits and other securities	62,501	694,493 (1)	756,994	606,960
Bonds and debentures	1,159,103	14,625	1,173,728	1,149,585
	1,221,604	730,216	1,951,820	1,723,816

(1) Cash and temporary investments amount to $715.6 million ($539.5 million in 2006). Temporary investments maturing in less than one year essentially include notes, banker's acceptances and deposit certificates. They bear interest at rates varying between 4.3% and 4.94% (4.29% to 4.36% in 2006).

As at December 31, 2006, Sinking Fund and other investments amount to $1,163.2 million and $21.1 million respectively. As at December 31, 2007, the fair value of these investments was $1,264.3 million ($1,223.9 million in 2006).

Bonds and debentures held by the City are essentially comprised of securities issued by governments and their bodies, by municipalities, school boards, CEGEPs, CLSCs and hospitals. They specifically include City bonds totalling $169.5 million ($162.6 million in 2006).

Substantially all of the investments are denominated in Canadian dollars as at December 31, 2007 and December 31, 2006.

The maturities of Sinking Fund investments, bonds and debentures held by the City are as follows:

	Term deposits and other securities	Bonds and debentures	Total	Weighted nominal interest rate
December 31, 2007				
2008	62,501	147,727	210,228	6.74%
2009		128,664	128,664	7.98%
2010		163,846	163,846	6.09%
2011		251,692	251,692	5.65%
2012		44,203	44,203	5.93%
1 to 5 years	62,501	736,132	798,633	6.42%
6 to 10 years		383,076	383,076	4.96%
11 to 15 years		48,044	48,044	0.81%
16 to 20 years		6,476	6,476	6.27%
	62,501	1,173,728	1,236,229	
December 31, 2006 (Note 2)				
2007	34,729	95,608	130,337	5.81%
2008		140,703	140,703	8.15%
2009		112,490	112,490	7.91%
2010		161,950	161,950	6.13%
2011		252,509	252,509	5.71%
1 to 5 years	34,729	763,260	797,989	6.60%
6 to 10 years		269,852	269,852	6.16%
11 to 15 years		103,519	103,519	4.40%
16 to 20 years		12,954	12,954	6.67%
	34,729	1,149,585	1,184,314	

Notes and Schedules to the Consolidated Financial Statements (continued)
December 31, 2007

5- ACCOUNTS RECEIVABLE
(in thousands of dollars)

	2007	2006 (Note 2)
Taxes	91,304	85,943
Government of Canada and its enterprises	97,332	99,243
Government of Québec and its enterprises	1,951,747	1,443,747
Municipal organizations	37,982	9,258
Services rendered and other	291,293	173,738
	2,469,658	1,811,929

An allowance for doubtful accounts of $87 million ($95 million in 2006) has been deducted from accounts receivable.

Amounts of receivables to be used to repay long-term debt		
Government of Québec and its enterprises	1,640,550	1,311,031
Municipal organizations	34,510	
Other third parties		67
	1,675,060	1,311,098

The fair value of the receivables to be used to repay long-term debt is $1,804.9 million ($1,448.9 million in 2006).

Accounts receivable collected for the repayment of long-term debt, for which repayment terms are determined as at December 31, 2007, are as follows:

	Receipts	Weighted nominal interest rate	Refinancing
December 31, 2007			
2008	99,301	5.37%	87,509
2009	109,416	5.66%	12,581
2010	80,774	5.56%	40,575
2011	78,566	5.58%	31,630
2012	95,428	5.55%	38,930
1 to 5 years	463,485	5.54%	211,225
6 to 10 years	458,733	5.57%	202,246
11 to 15 years	172,205	6.48%	2,162
16 to 20 years	86,920	5.59%	6,346
	1,181,343	5.69%	421,979
December 31, 2006 (Note 2)			
2007	74,734	5.63%	31,681
2008	69,421	5.77%	87,450
2009	64,795	5.67%	19,349
2010	63,178	5.76%	36,190
2011	63,280	5.66%	49,460
1 to 5 years	335,408	5.70%	224,130
6 to 10 years	173,222	5.38%	199,355
11 to 15 years	149,422	7.67%	12,264
16 to 20 years	142,146	6.43%	8,507
21 to 25 years	125	5.15%	
	800,323	6.13%	444,256

6- LOANS

The loans, which mature from 2008 to 2033, bear interest at rates varying between 0% and 10%. An amount of $4.9 million has been deducted from the value of the loans to present them at discounted face value.

7- CAPITAL ASSETS
(in thousands of dollars)

	Balance as at 31-12-2006 (note 2)	Adjustment as at January 1, 2007	Increase	Decrease	Balance as at 31-12-2007
COST					
Infrastructures	7,870,550	23,040	398,691	145,866	8,146,415
Metro system		1,969,126	117,642		2,086,768
Buildings	1,511,063	579,300	68,344	48,981	2,109,726
Leasehold improvements	53,592	9,644	4,794	457	67,573
Vehicles	338,258	714,420	78,426	42,542	1,088,562
Office furniture and equipment	214,446	97,434	73,438	23,589	361,729
Machinery, tools and equipment	52,064	124,066	23,571	3,590	196,111
Land	45,891	7,746	3,522		57,159
Other	26,886		1,603	1,280	27,209
	10,112,750	3,524,776	770,031	266,305	14,141,252
ACCUMULATED AMORTIZATION					
Infrastructures	3,312,530	10,636	266,545	145,742	3,443,969
Metro system		1,292,651	25,402		1,318,053
Buildings	766,016	200,822	57,865	31,980	992,723
Leasehold improvements	20,844	8,233	4,869	416	33,530
Vehicles	210,822	319,066	71,423	41,910	559,401
Office furniture and equipment	91,923	34,820	49,681	23,456	152,968
Machinery, tools and equipment	25,121	46,260	11,445	3,323	79,503
Other	20,858		1,432	1,637	20,653
	4,448,114	1,912,488	488,662	248,464	6,600,800
NET CARRYING VALUE	**5,664,636**				**7,540,452**

8- OTHER NON-FINANCIAL ASSETS
(in thousands of dollars)

	2007	2006 (Note 2)
Issuance of securities	27,125	29,138
Election expenses		5,780
Other	19,191	10,187
	46,316	**45,105**

9- LINES OF CREDIT

The City has lines of credit with various banking institutions totalling up to $536 million. Under these facilities, the amounts can be drawn in Canadian or U.S. dollars at floating rates based on the prime rates of the banking institutions. These lines of credit are not secured and are renewable annually. As at December 31, 2007, amounts drawn on the lines of credit amounted to $113.1 million (nil in 2006).

10- ACCOUNTS PAYABLE, PROVISIONS AND ACCRUED LIABILITIES
(in thousands of dollars)

	2007	2006 (Note 2)
Suppliers	332,663	224,551
Salaries, deductions at source and employee benefits	482,860	386,435
Accrued interest payable on long-term debt	81,890	80,703
Provisions		
Closure and post-closure costs for sanitary landfills	34,122	32,301
Contested valuations	102,634	83,307
Organizations included in the financial reporting entity		18,953
Other	97,666	73,755
Deposits and holdbacks	38,887	36,416
Government of Québec and its enterprises	33,760	17,241
Government of Canada and its enterprises	10,738	8,009
Municipal organizations		21,206
Other	28,905	12,162
	1,244,125	995,039

11- DEFERRED REVENUES
(in thousands of dollars)

	2007	2006 (Note 2)
Disposal of capital assets and assets held for sale		40,106
Premium upon issuance of securities	43,193	44,427
Sale of a franchise	34,000	36,000
Transfers	37,624	31,051
Pension plan	6,910	7,641
Unrealized net foreign exchange gains	7,812	7,745
Other	12,715	13,755
	142,254	180,725

Notes and Schedules to the Consolidated Financial Statements (continued)
December 31, 2007

12- LONG-TERM DEBT
(in thousands of dollars)

	2007	2006 (Note 2)
Bonds and notes		
In Canadian dollars (1)	7,259,669	6,303,116
In foreign currencies	108,191	232,765
Other long-term debt		
Obligations under capital leases	3,311	3,604
Other	229,142	13,332
Debts in refinancing		65
	7,600,313	6,552,882

(1) Includes long-term debt related to the repayment of the net pension plan obligation totalling $1,417.3 million ($1,468 million in 2006).

Recovery of long-term debt for purposes of repayment is as follows:

	2007	2006 (Note 2)
Chargeable to taxpayers		
Of the central municipality	3,339,029	2,785,789
Of the agglomeration	1,136,542	1,046,174
Amounts accumulated for repayment	1,221,604	1,203,294
Amount of receivables to be used to repay long-term debt		
Government of Québec and its enterprises	1,640,550	1,311,031
Municipal organizations	34,510	
Third parties		67
Through user fees	228,078	206,527
	7,600,313	6,552,882

The City uses currency and interest-rate swap agreements for loans totalling $731.4 million ($742.6 million in 2006). The financial liabilities associated with these swaps, which amount to $181.5 million ($126 million in 2006), are included in the long-term debt amount.

Considering the existence of these swaps, substantially all of the loans contracted by the City bear interest at a fixed rate. As at December 31, 2007, unhedged foreign exchange loans amounted to $108.2 million ($232.8 million in 2006) and the foreign exchange loss on these loans amounted to $7.2 million ($41.3 million in 2006). In this regard, a provision of $26.7 million ($58.2 million in 2006) is recorded in the Sinking Fund.

12- LONG-TERM DEBT (continued)
(in thousands of dollars)

Estimated payments on long-term debt are as follows:

Years of maturity	2007 Canadian dollars (1)	2007 Foreign currencies	2007 Maturity	2007 Refinancing	2007 Net maturity	2006 Maturity	2006 Refinancing	2006 Net maturity (Note 2)
2007						517,896	101,152	416,744
2008	733,489		733,489	225,434	508,055	612,192	195,844	416,348
2009	460,302	32,341	492,643	94,004	398,639	380,991	83,282	297,709
2010	672,662		672,662	156,996	515,666	579,097	114,545	464,552
2011	583,067		583,067	138,994	444,073	602,932	159,366	443,566
2012	413,020	34,696	447,716	213,155	234,561			
1 to 5 years	2,862,540	67,037	2,929,577	828,583	2,100,994	2,693,108	654,189	2,038,919
6 to 10 years	2,318,854	40,750	2,359,604	746,985	1,612,619	1,593,766	689,773	903,993
11 to 15 years	188,212		188,212	8,333	179,879	166,922	14,133	152,789
16 to 20 years	992,390		992,390	8,172	984,218	927,328	16,505	910,823
2043	1,010,952		1,010,952		1,010,952	1,051,668		1,051,668
2045	119,174		119,174		119,174	119,174		119,174
Perpetuity		404	404		404	851		851
Debts in refinancing						65	65	
TOTAL	7,492,122	108,191	7,600,313	1,592,073	6,008,240	6,552,882	1,374,665	5,178,217

Summary of the debt:

	2007 Foreign currencies	2007 Canadian dollars	2007 %	2006 Foreign currencies	2006 Canadian dollars (Note 2)	2006 %
Canadian dollars (1)		7,492,122	98.57		6,320,052	96.45
U.S. dollars	67,624	67,037	0.88	137,624	160,387	2.45
Swiss Francs	46,700	40,750	0.54	46,700	44,612	0.68
Japanese Yen				2,750,000	26,915	0.41
Pounds Sterling	192	404	0.01	362	851	0.01
Debts in refinancing					65	
		7,600,313	100.00		6,552,882	100.00

(1) Including loans contracted in foreign currencies that are subject to hedging

12- LONG-TERM DEBT (continued)
(in thousands of dollars)

Interest rate

The interest rates presented in the table include the nominal interest rate and the impact of interest rate swaps.

Years of maturity	2007 Canadian dollars	2007 Foreign currencies	2007 Weighted average	2006 Weighted average (Note 2)
1 to 5 years	6.40%	4.32%	6.36%	6.48%
6 to 10 years	5.15%	3.00%	5.11%	5.11%
11 to 15 years	6.40%		6.40%	7.83%
16 to 20 years	5.46%		5.46%	5.56%
2043	6.00%		6.00%	6.00%
2045	6.00%		6.00%	6.00%
Perpetuity		3.00%	3.00%	3.00%
Weighted average	5.83%	3.82%	5.80%	5.97%

Fair value

The fair value of debt amounts to $8,026.2 million ($7,116.3 million in 2006). Fair value includes the net financial liabilities associated with foreign currency and interest-rate swaps of $233.1 million ($178.8 million in 2006).

13- EMPLOYEE FUTURE BENEFITS LIABILITY
(in thousands of dollars)

	2007	2006 (Note 2)
Defined benefit pension plans	81,153	27,398
Other pension plans	206,886	106,234
	288,039	133,632

Pension expenses relating to defined benefit plans total $212.9 million. The expenses related to defined contribution plans and the pension plans of elected officials amount to $0.6 million ($0.4 million in 2006) and $1.9 million ($1.7 million in 2006), respectively.

13- EMPLOYEE FUTURE BENEFITS LIABILITY (continued)
(in thousands of dollars)

Defined benefit plans

a) Description of the plans

The City offers various defined benefit pension plans to most of its employees. Under these plans, benefits paid to employees are based on the number of years of service and the average salary for the highest paid years. The City's contributions are determined according to various actuarial methods.

Other retirement benefits, including life insurance and insurance covering the reimbursement of medical and dental costs are also provided to some employees. Certain post-employment benefits are also provided to employees. These benefits include, in particular, income replacement benefits, supplemental unemployment benefits, maintenance of coverage during periods of temporary absence and certain termination allowances. These plans are not capitalized.

b) Reconciliation of the funded status of the benefit plans to the amounts recorded in the Consolidated Statement of Financial Position.

	2007		2006	
	Pension plans	Other plans	Pension plans (Note 2)	Other plans (Note 2)
Actuarial value of plan assets	13,250,597		9,578,759	
Accrued benefit obligation	(12,529,804)	(204,771)	(9,108,680)	(106,234)
Funded status of plans (deficit)	720,793	(204,771)	470,079	(106,234)
Unamortized actuarial losses (gains)	163,841	(2,115)		
Accrued benefit asset (liability)	884,634	(206,886)	470,079	(106,234)
Valuation allowance	(965,787)		(497,477)	
Employee future benefits liability	(81,153)	(206,886)	(27,398)	(106,234)

c) Plans for which the accrued benefit obligations exceed plan assets

	2007		2006	
	Pension plans	Other plans	Pension plans (Note 2)	Other plans (Note 2)
Accrued benefit obligation	(3,417,344)	(204,771)	(2,431,896)	(106,234)
Actuarial value of plan assets	2,986,147		2,098,188	
Funded status - deficit	(431,197)	(204,771)	(333,708)	(106,234)

Notes and Schedules to the Consolidated Financial Statements (continued)
December 31, 2007

13- EMPLOYEE FUTURE BENEFITS LIABILITY (continued)
(in thousands of dollars)

d) Actuarial value of plan assets

	2007	
	Pension plans	Other plans
Balance as at December 31, 2006 - as previously reported	9,578,759	
Adjustment as at January 1, 2007	3,042,888	
Adjusted balance	12,621,647	
Contributions for the year	237,493	13,619
Expected return on plan assets	830,014	
Benefits paid	(730,775)	(13,619)
Gain during the year on the expected return on plan assets	292,218	
Balance as at December 31, 2007	13,250,597	
Fair value of plan assets	13,419,209	

e) Accrued benefit obligation

	2007	
	Pension plans	Other plans
Balance as at December 31, 2006 - as previous reported	9,108,680	106,234
Adjustment as at January 1, 2007	2,633,623	92,906
Adjusted balance	11,742,303	199,140
Current service cost	291,910	11,301
Past service cost	1,106	
Benefits paid	(730,775)	(13,619)
Interest receivable on the obligation	769,201	10,064
Loss (gain) on obligation during the year	456,059	(2,115)
Balance as at December 31, 2007	12,529,804	204,771

13- EMPLOYEE FUTURE BENEFITS LIABILITY (continued)
(in thousands of dollars)

f) Components of the expense related to defined benefits plans

	2007	
	Pension plans	Other plans
Current service cost	291,910	11,301
Past service cost	1,106	
Employee contributions	(92,024)	
Retirement benefits expense	200,992	11,301
Interest receivable on the obligation	769,201	10,064
Expected return on plan assets	(830,014)	
Interest cost	(60,813)	10,064
Change in valuation allowance	51,343	
Total expense	191,522	21,365

g) Principal actuarial assumptions (weighted rates)

The principal actuarial assumptions used for the actuarial valuations performed from December 31, 2004 to December 31, 2006 are as follows:

Discount rate	6.25% to 6.75%	5.00%
Expected return on plan assets	6.25% to 6.75%	
Salary escalation rate	3.00% to 4.00%	4.00%
Initial growth rate for healthcare costs		9.63%
Ultimate growth rate for healthcare costs		4.05%
Year when rate is expected to stabilize		2017
Initial growth rate for the cost of dental care		4.00%

Defined contribution plans and plans of elected officials

a) Description of plans

Some employees are members of defined contribution plans, under which the City's contribution represents a percentage of pay. Elected officials contribute to defined benefit pension plans administered by the Commission administrative des régimes de retraite et d'assurances du Québec. The City's contributions are determined by the government.

13- EMPLOYEE FUTURE BENEFITS LIABILITY (continued)
(in thousands of dollars)

b) Employer's contributions

	2007	2006 (Note 2)
Defined contribution plans	569	373
Pension plans of elected officials	1,863	1,676

14- NET INVESTMENT IN CAPITAL ASSETS
(in thousands of dollars)

	2007
ASSETS	
Investments - Sinking Fund	1,221,604
Amount of receivables to be used to repay long-term debt	1,455,146
Capital assets	7,540,452
	10,217,202
LIABILITIES AND TAXPAYERS' EQUITY	
Deferred revenues - unrealized net foreign exchange gains	(7,812)
Long-term debt	(7,600,313)
Debts in refinancing	(25,395)
Less: Debt not affecting the net investment in capital assets	1,543,564
	(6,089,956)
	4,127,246

15- TRANSFERS
(in thousands of dollars)

	2007	2006 (Note 2)
Transfers - operating financial activities		
Government of Québec	391,631	375,547
Transfers - capital asset financial activities		
Government of Canada		
Canada/Québec infrastructure program	2,081	10,944
Government of Québec		
Canada/Québec infrastructure program	971	2,293
Québec infrastructure program	260,544	10,133
SOFIL	121,764	32,904
Other	3,812	2,820
	389,172	59,094
	780,803	434,641

16- FINANCIAL INSTRUMENTS

Use of derivative instruments

The City uses derivative financial instruments to reduce its currency and interest rate risk exposure on debt. It does not use derivative financial instruments for trading or speculative purposes.

Exchange and interest positions

As at December 31, 2007, considering the use of currency and interest-rate swaps, substantially all of the City's loans are denominated in Canadian dollars and bear interest at a fixed rate.

Credit risk

In using derivative financial instruments, the City is exposed to credit losses arising from defaults of payment by third parties. The City believes these parties will be able to meet their obligations since it deals only with recognized institutions whose credit ratings are higher than its own.

Fair value

The fair value of cash and temporary investments, accounts receivable, temporary loans and accounts payable, and provisions and accrued liabilities approximate their carrying values due to the upcoming maturity of these financial instruments.

The following table demonstrates the fair value and carrying value of other financial instruments:

(in thousands of dollars)	2007		2006	
	Fair value	Carrying value	Fair value (Note 2)	Carrying value (Note 2)
Investments	1,264,348	1,236,229	1,223,935	1,184,314
Receivables to be used to repay long-term debt	1,804,882	1,675,060	1,448,856	1,311,098
Loans	30,314	30,314	2,859	7,770
Long-term debt	8,026,160	7,600,313	7,116,270	6,552,882

The fair value of investments is the amount at which they could be exchanged on the market between parties at arm's length. The fair value of receivables to be used to repay long-term debt and the fair value of long-term debt is based on discounted cash flows using rates of return or the prevailing year-end market price of similar instruments with the same maturity. The fair value of swaps reflects the amount the City would receive or pay if these contracts closed at that date. As at December 31, 2007, the fair value and carrying value of financial liabilities associated with swaps total $233.1 million and $181.5 million ($178.8 million and $126 million in 2006). They are included in the long-term debt amounts.

17- COMMITMENTS AND CONTINGENCIES

a) Contractual obligations

The City has a commitment to pay a total of $770.6 million in respect of its contractual obligations relating primarily to property leases, the rental of machinery and service equipment for snow removal and garbage collection. These amounts payable over the coming years are estimated as follows:

2008	2009	2010	2011	2012	2013-2068	Total
$192.0 M	$123.8 M	$103.1 M	$78.3 M	$62.8 M	$210.6 M	$770.6 M

Commitments in respect of capital expenditures have not been assessed.

The City negotiated agreements to be supplied with diesel fuel at a fixed rate. As at December 31, 2007, the balance of the commitment amounts to $43.1 million.

17- COMMITMENTS AND CONTINGENT LIABILITIES (continued)

b) Ownership of property related to extending the métro system to the City of Laval

On April 28, 2007, the Agence métropolitaine de transport transferred the property used in extending the metro system to Laval to the City (Société de transport de Montréal) at no cost under Section 47 of the *Act respecting the Agence métropolitaine de transport ("deed evidencing the transfer dated April 28,* 2007). On December 21, 2007, this transfer was cancelled on the condition that a new agreement be negotiated by the parties before February 28, 2008 ("reconveyance agreement dated December 21, 2007"). The expiry date of the reconveyance agreement dated December 21, 2007 has been extended until October 31, 2008.

The signing of this agreement could increase the City's assets, liabilities and taxpayers' equity by approximately $1,500.0 million, i.e., $750.0 million for property, plant and equipment and accounts receivable to be used to repay long-term debt and $750.0 million in respect of long-term debt and the net investment in capital assets. This would have no impact on the City's financial activities due to the subsidies receivable from the ministère des Transports du Québec.

c) Metered parking

In 1995, the City awarded a part of its exclusive metered parking operations (in lots and on the streets) to a private organization under an agreement ending December 31, 2024 and renewable for a minimum additional period of ten years. When the agreement expires, the City has agreed to purchase the capital assets used for metered parking at their fair market value from this organization. However, over the term of the agreement, the City will benefit from a purchase option on the parking lots that equals the purchase price paid by the organization. As at December 31, 2007, the net book value of these assets, including the acquisition cost of parking lots of $6.5 million, was $22.9 million. In addition, the City has endorsed a loan with a balance of $22.7 million.

d) Claims and insurance

Claims pending against the City amount to $2,201.7 million. One such claim, in particular, could amount to $1,600 million and involves the existence of flowering ragweed on City land. In the opinion of the City's legal counsel, the settlement of these claims will not materially impact the City's financial situation.

The municipal administration has not contracted any risk insurance. However, according to its Charter, the City must forecast, in its budget, an amount of at least 1% of its expenditures to cover expenditures not forecasted in the budget, the settling of claims and payment of judgments.

e) Environment

The City, as an owner of contaminated land, may be required to perform certain acts to conform to the *Act to amend the Environment Quality Act* (2002, chapter 11). The City may have to characterize and, if necessary, rehabilitate a parcel of land after it has been used or when its use has been changed. The City is currently unable to determine the cost or method of financing of any measures.

18- COMMUNAUTÉ MÉTROPOLITAINE DE MONTRÉAL (CMM)

The City is part of the CMM, a regulatory, planning, coordination and financing agency in exercising its jurisdictions under an *Act respecting the Montréal Metropolitan Community* (2000, chapter 34) in areas related to land-use management, economic development, artistic or cultural development, public housing, metropolitan-area equipment, infrastructures, services and activities, public transit and metropolitan highway network, planning the residual materials management, air and water pollution control.

During the year, the City's financial contribution to the CMM totalled $26.5 million ($27.6 million in 2006). The CMM, for its part, paid the City $39.7 million ($49.9 million in 2006) with respect to the operating expenses for certain metropolitan infrastructures borne by the City and for the public housing program.

Notes and Schedules to the Consolidated Financial Statements (continued)
Year ended December 31, 2007

SCHEDULE 1 – CONSOLIDATED OPERATING FINANCIAL ACTIVITIES BY RESPONSIBILITY

	Local responsibilities	
	Budget	Actual
Revenues		
Taxes	1,057,061	1,066,674
Payments in lieu of taxes	103,358	100,912
Transfers	324,339	281,467
Services rendered	197,377	207,767
Fee assessments	101,925	130,325
Fines and penalties	114,616	83,724
Interest	80,156	94,424
Other revenues	49,565	145,588
	2,028,397	2,110,881
Operating expenditures		
General administration	362,538	305,074
Public safety	13,604	11,529
Transportation	229,400	257,082
Environmental health	143,589	140,493
Health and welfare	89,231	130,101
Urban planning and development	104,741	117,040
Recreation and culture	342,523	351,980
Financing expenses	334,885	325,768
	1,620,511	1,639,067
Surplus for the year	407,886	471,814
Financing		
Long-term financing of operating financial activities		
Repayment of long-term debt	(335,147)	(246,547)
Appropriations		
Capital asset financial activities	(3,200)	(38,645)
Unrestricted surplus	(41,300)	(41,300)
Restricted surplus	21,153	39,829
Financial reserves and reserved funds		(11,414)
Amount to be funded in the future	(49,392)	(74,461)
	(72,739)	(125,991)
Changes in fund balances from the year's operating financial activities		99,276

(1) The eliminations relate to transactions between organizations included in the financial reporting entity as well as to crossjurisdictional transactions ($37.8 million).

Notes and Schedules to the Consolidated Financial Statements (continued)

Year ended December 31, 2007

(in thousands of dollars)

Urban agglomeration responsibilities		Eliminations (1)		Total	
Budget	Actual	Budget	Actual	Budget	Actual
1,522,851	1,539,855		(9,090)	2,579,912	2,597,439
142,519	141,981			245,877	242,893
226,180	110,164			550,519	391,631
483,556	470,014	(37,468)	(38,825)	643,465	638,956
1,853	1,877			103,778	132,202
87,042	71,984			201,658	155,708
23,446	43,035			103,602	137,459
323,379	425,602	(278,000)	(347,732)	94,944	223,458
2,810,826	2,804,512	(315,468)	(395,647)	4,523,755	4,519,746
230,618	192,308	(33,973)	(42,676)	559,183	454,706
799,831	818,586			813,435	830,115
1,182,128	1,192,635	(278,000)	(310,172)	1,133,528	1,139,545
214,570	203,760	(3,453)	(2,169)	354,706	342,084
37,574	29,522		(11,010)	126,805	148,613
52,445	49,052	(42)	(6,059)	157,144	160,033
71,069	94,570		(21,152)	413,592	425,398
118,710	102,069			453,595	427,837
2,706,945	2,682,502	(315,468)	(393,238)	4,011,988	3,928,331
103,881	122,010		(2,409)	511,767	591,415
(156,801)	(131,732)			(491,948)	(378,279)
(20,574)	(32,473)		(16,544)	(23,774)	(87,662)
41,300	27,897				(13,403)
26,589	41,304			47,742	81,133
4,195	(32,505)			4,195	(43,919)
1,410	17,744			(47,982)	(56,717)
52,920	21,967		(16,544)	(19,819)	(120,568)
	12,245		(18,953)		92,568

Notes and Schedules to the Consolidated Financial Statements (continued)
Year ended December 31, 2007

SCHEDULE 2 – CONSOLIDATED CAPITAL ASSET FINANCIAL ACTIVITIES BY RESPONSIBILITY

	Local responsibilities	
	Budget	Actual
Revenues		
Taxes		
Proportionate interests		
Transfers	66,261	34,309
Other revenues		
Developers' contributions	5,649	12,369
Other		361
	71,910	47,039
Capital asset expenditures		
General administration	40,251	23,474
Public safety	402	261
Transportation	103,036	84,571
Environmental health	79,805	65,804
Health and welfare		3,345
Urban planning and development	58,142	49,286
Recreation and culture	64,012	55,700
	345,648	282,441
Deficit for the year	(273,738)	(235,402)
Financing		
Long-term financing of capital asset financial activities	268,708	251,167
Appropriations		
Operating financial activities	3,200	38,645
Unrestricted surplus		
Restricted surplus		3,917
Financial reserves and reserved funds	1,830	3,415
	5,030	45,977
Change in fund balances from the year's capital asset financial activities		61,742

Notes and Schedules to the Consolidated Financial Statements (continued)

Year ended December 31, 2007

(in thousands of dollars)

Urban agglomeration responsibilities		Eliminations		Total	
Budget	Actual	Budget	Actual	Budget	Actual
22,489	354,863			88,750	389,172
375	150			6,024	12,519
	20,092		(16,544)		3,909
22,864	375,105		(16,544)	94,774	405,600
40,718	26,733			80,969	50,207
31,759	35,309			32,161	35,570
490,410	346,976			593,446	431,547
65,745	50,103			145,550	115,907
	243				3,588
8,227	5,317			66,369	54,603
55,408	22,909			119,420	78,609
692,267	487,590			1,037,915	770,031
(669,403)	(112,485)		(16,544)	(943,141)	(364,431)
628,829	303,024			897,537	554,191
20,574	32,473		16,544	23,774	87,662
	(118)				(118)
20,000	571			20,000	4,488
	25,159			1,830	28,574
40,574	58,085		16,544	45,604	120,606
	248,624				310,366

Notes and Schedules to the Consolidated Financial Statements (continued)
Year ended December 31, 2007

SCHEDULE 3 – CONSOLIDATED OPERATING EXPENDITURES BY ITEM *(in thousands of dollars)*

	2007		2006
	Budget	Actual	Actual (Note 2)
Salaries			
Elected officials	9,473	8,964	7,005
Employees	1,798,541	1,832,128	1,307,848
Employer contributions			
Elected officials	3,203	3,029	2,907
Employees	518,221	464,844	372,041
Transportation and communication	69,204	109,075	36,144
Professional, technical and other services			
Professional fees	57,760	63,818	51,746
Purchase of technical services	202,452	225,404	155,822
Other	21,578	16,492	21,331
Rental, maintenance and repairs			
Rental	103,695	80,404	83,640
Maintenance and repairs	117,438	86,658	69,176
Consumer durable goods			
Construction	6,317	11,530	(1,255)
Other consumer durable goods		2,085	5,990
Consumer goods			
Delivery of public services	115,891	109,395	79,635
Other consumer goods	195,934	188,578	132,626
Financing expenses			
Interest and other charges on long-term debt borne by:			
Municipality	303,200	253,154	247,067
Government of Québec and its enterprises	99,084	99,996	102,730
Other third parties	49,890	63,557	49,026
Other financing expenses	1,421	11,130	2,124
Contributions to organizations			
Municipal organizations			
Société de transport de Montréal			290,642
Communauté métropolitaine de Montréal	28,314	26,491	27,622
Reconstituted municipalities	16,345	14,295	15,999
Other	32,326	139	27,639
Government organizations			
Agence métropolitaine de transport	33,800	33,395	30,186
Other	8,727	8,667	8,563
Other organizations	68,142	95,033	74,682
Other items			
Doubtful accounts or bad debts	17,662	14,817	18,587
Other	133,370	105,255	70,987
	4,011,988	3,928,331	3,290,510

Notes and Schedules to the Consolidated Financial Statements (continued)
Year ended December 31, 2007

SCHEDULE 4 – CONSOLIDATED CAPITAL ASSET EXPENDITURES BY ITEM

(in thousands of dollars)

	2007		2006
	Budget	Actual	Actual (Note 2)
Salaries			
Elected officials			
Employees	64,296	42,664	15,831
Employer contributions			
Elected officials			
Employees	7,803	9,056	4,280
Transportation and communication	1,162	599	730
Professional, technical and other services			
Professional fees	43,193	49,572	28,777
Purchase of technical services	66,484	44,445	1,836
Other	1,002		
Rental, maintenance and repairs			
Rental	1,968	1,229	44
Maintenance and repairs			
Consumer durable goods			
Construction	520,624	388,124	438,752
Other consumer durable goods	331,345	230,204	58,513
Consumer goods			
Delivery of public services			
Other consumer goods			
Financing expenses			
Interest and other charges on long-term debt borne by:			
Municipality			
Government of Québec and its enterprises			
Other third parties			
Other financing expenses			
Contributions to organizations			
Municipal organizations			
Société de transport de Montréal			
Communauté métropolitaine de Montréal			
Reconstituted municipalities			
Other			
Government organizations			
Agence métropolitaine de transport			
Other			6,553
Other organizations			
Other items			
Doubtful accounts or bad debts			
Other	38	4,138	
	1,037,915	770,031	555,316

Notes and Schedules to the Consolidated Financial Statements (continued)
Year ended December 31, 2007

SCHEDULE 5 – CONSOLIDATED NET TOTAL LONG-TERM DEBT

(in thousands of dollars)

	Note	2007	2006 (Note 2)
Long-term debt	12	7,600,313	6,552,882
Add			
Long-term unfunded operating expenditures		88,981	95,626
Long-term unfunded capital asset expenditures		151,950	285,807
Other			
Purchase of land		4,389	
Government receivables		7,665	
Debt in refinancing		25,395	
Deduct			
Amount of receivables dedicated to repayment		1,682,725	1,311,098
Amount accumulated for repayment		1,221,604	1,203,294
Amount recoverable through user fees		244,898	215,671
		4,729,466	4,204,252
Net indirect debt and long-term unfunded expenditures			
Organizations included in the financial reporting entity			
Société de transport de Montréal			391,362
Société d'habitation et de développement de Montréal			219,625
Anjou 80			3,426
			614,413
Net total long-term debt		4,729,466	4,818,665

Segment Disclosures
As at December 31, 2007

SCHEDULE 6 – CONSOLIDATED FINANCIAL POSITION BY ORGANIZATION *(in thousands of dollars)*

	Municipal administration	Controlled organizations	Eliminations	Total
FINANCIAL ASSETS				
Cash and temporary investments	641,327	75,111	(847)	**715,591**
Investments	1,119,216	117,013		**1,236,229**
Accounts receivable	1,829,265	660,842	(20,449)	**2,469,658**
Assets held for sale	4,780			**4,780**
Loans	2,718	27,596		**30,314**
	3,597,306	880,562	(21,296)	**4,456,572**
NON-FINANCIAL ASSETS				
Capital assets	5,823,856	1,716,596		**7,540,452**
Assets held for sale	87,494			**87,494**
Inventories	23,891	27,746		**51,637**
Other non-financial assets	39,992	6,324		**46,316**
	5,975,233	1,750,666		**7,725,899**
	9,572,539	2,631,228	(21,296)	**12,182,471**
LIABILITIES				
Temporary loans		113,140		**113,140**
Accounts payable, provisions and accrued liabilities	1,067,149	198,272	(21,296)	**1,244,125**
Deferred revenues	139,673	2,581		**142,254**
Long-term debt	6,435,215	1,165,098		**7,600,313**
Employee future benefits liability	182,690	105,349		**288,039**
	7,824,727	1,584,440	(21,296)	**9,387,871**
TAXPAYERS' EQUITY				
Fund balance				
Unrestricted surplus	106,627	(12,998)		**93,629**
Restricted surplus	251,026	5,844		**256,870**
Financial reserves and reserved funds	(134,162)	72,094		**(62,068)**
Amount to be funded in the future	(1,486,877)	(134,200)		**(1,621,077)**
	(1,263,386)	(69,260)		**(1,332,646)**
Net investment in capital assets	3,011,198	1,116,048		**4,127,246**
	1,747,812	1,046,788		**2,794,600**
	9,572,539	2,631,228	(21,296)	**12,182,471**

Segment Disclosures (continued)
Year ended December 31, 2007

SCHEDULE 7 – CONSOLIDATED OPERATING FINANCIAL ACTIVITIES BY ORGANIZATION *(in thousands of dollars)*

	Municipal administration	Controlled organizations	Eliminations	Total
Revenues				
Taxes	2,606,529		(9,090)	2,597,439
Payments in lieu of taxes	242,893			242,893
Transfers	336,231	55,400		391,631
Services rendered	216,846	423,167	(1,057)	638,956
Fee assessments	132,202			132,202
Fines and penalties	155,708			155,708
Interest	130,913	6,546		137,459
Other revenues	76,397	494,793	(347,732)	223,458
	3,897,719	979,906	(357,879)	4,519,746
Operating expenditures				
General administration	461,915		(7,209)	454,706
Public safety	830,115			830,115
Transportation	689,866	759,776	(310,097)	1,139,545
Environmental health	342,084			342,084
Health and welfare	118,726	40,897	(11,010)	148,613
Urban planning and development	162,152	3,887	(6,006)	160,033
Recreation and culture	421,992	24,554	(21,148)	425,398
Financing expenditures	364,257	63,580		427,837
	3,391,107	892,694	(355,470)	3,928,331
Surplus for the year	506,612	87,212	(2,409)	591,415
Financing				
Long-term financing of operating financial activities				
Repayment of long-term debt	(326,170)	(52,109)		(378,279)
Appropriations				
Capital asset financial activities	(67,377)	(3,741)	(16,544)	(87,662)
Unrestricted surplus		(13,403)		(13,403)
Restricted surplus	81,133			81,133
Financial reserves and reserved funds	(42,627)	(1,292)		(43,919)
Amount to be funded in the future	(58,644)	1,927		(56,717)
	(87,515)	(16,509)	(16,544)	(120,568)
Change in fund balances from the year's operating financial activities	92,927	18,594	(18,953)	92,568

Segment Disclosures (continued)
Year ended December 31, 2007

SCHEDULE 8 – CONSOLIDATED CAPITAL ASSET FINANCIAL ACTIVITIES BY ORGANIZATION *(in thousands of dollars)*

	Municipal administration	Controlled organizations	Eliminations	Total
Revenues				
Taxes				
Transfers	46,981	342,191		389,172
Other revenues				
Developers' contributions	12,519			12,519
Other	3,802	16,651	(16,544)	3,909
	63,302	358,842	(16,544)	405,600
Capital asset expenditures				
General administration	50,207			50,207
Public safety	35,570			35,570
Transportation	211,598	219,949		431,547
Environmental health	115,907			115,907
Health and welfare	311	3,277		3,588
Urban planning and development	54,603			54,603
Recreation and culture	78,307	302		78,609
	546,503	223,528		770,031
Surplus (deficit) for the year	(483,201)	135,314	(16,544)	(364,431)
Financing				
Long-term financing of capital asset financial activities	450,418	103,773		554,191
Appropriations				
Operating financial activities	67,377	3,741	16,544	87,662
Unrestricted surplus	(118)			(118)
Restricted surplus	4,488			4,488
Financial reserves and reserved funds	26,032	2,542		28,574
	97,779	6,283	16,544	120,606
Change in fund balances from the year's capital asset financial activities	64,996	245,370		310,366

Segment Disclosures (continued)
Year ended December 31, 2007

SCHEDULE 9 – CONSOLIDATED EXPENDITURES BY ITEM AND BY ORGANIZATION

	Municipal administration	
	Operating expenditures	Capital asset expenditures
Salaries		
Elected officials	8,687	
Employees	1,320,907	16,388
Employer contributions		
Elected officials	2,999	
Employees	378,350	4,550
Transportation and communication	38,759	106
Professional, technical and other services		
Professional fees	52,800	49,572
Purchase of technical services	214,592	2,362
Other	16,249	
Rental, maintenance and repairs		
Rental	89,717	19
Maintenance and repairs	65,478	
Consumer durable goods		
Construction	7,685	388,124
Other consumer durable goods	2,013	84,521
Consumer goods		
Delivery of public services	79,388	
Other consumer goods	133,440	
Financing expenses		
Interest and other charges on long-term debt borne by:		
Municipality	231,763	
Government of Québec and its enterprises	80,972	
Other third parties	48,395	
Other financing expenses	3,127	
Contributions to organizations		
Municipal organizations		
Société de transport de Montréal	303,628	
Communauté métropolitaine de Montréal	26,491	
Reconstituted municipalities	14,295	
Other	24,439	
Government organizations		
Agence métropolitaine de transport	33,395	
Other	5,667	
Other organizations	86,316	
Other items		
Doubtful accounts or bad debts	14,301	
Other	104,254	861
	3,391,107	546,503

Segment Disclosures (continued)
Year ended December 31, 2007

(in thousands of dollars)

Controlled organizations			
Operating expenditures	Capital asset expenditures	Eliminations	Total
277			8,964
511,219	26,276		1,874,790
30			3,029
86,494	4,506		473,900
70,316	493		109,674
11,018			113,390
10,812	42,083		269,849
243			16,492
8,864	1,210	(18,177)	81,633
21,180			86,658
3,845			399,654
72	145,683		232,289
32,595		(2,588)	109,395
55,138			188,578
21,391			253,154
19,024			99,996
15,162			63,557
8,003			11,130
		(303,628)	
			26,491
			14,295
		(24,300)	139
			33,395
			8,667
8,992		(275)	95,033
516			14,817
7,503	3,277	(6,502)	109,393
892,694	223,528	(355,470)	4,698,362

Segment Disclosures (continued)
Year ended December 31, 2007

SCHEDULE 10 – MUNICIPAL ADMINISTRATION - NON-CONSOLIDATED OPERATING FINANCIAL ACTIVITIES BY RESPONSIBILITY

	Local responsibilities	
	Budget	Actual
Revenues		
Taxes	1,057,061	1,066,674
Payments in lieu of taxes	103,358	100,912
Transfers	324,339	281,467
Services rendered	197,377	204,567
Fee assessments	101,925	130,325
Fines and penalties	114,616	83,724
Interest	80,156	94,424
Other revenues	49,565	60,210
	2,028,397	2,022,303
Operating expenditures		
General administration	362,538	305,074
Public safety	13,604	11,529
Transportation	229,400	257,082
Environmental health	143,589	140,493
Health and welfare	89,231	89,204
Urban planning and development	104,741	113,153
Recreation and culture	342,523	351,543
Financing expenses	334,885	311,020
	1,620,511	1,579,098
Surplus for the year	407,886	443,205
Financing		
Long-term financing of operating financial activities		
Repayment of long-term debt	(335,147)	(237,423)
Appropriations		
Capital asset financial activities	(3,200)	(35,368)
Unrestricted surplus	(41,300)	(41,300)
Restricted surplus	21,153	39,829
Financial reserves and reserved funds		(11,414)
Amount to be funded in the future	(49,392)	(74,461)
	72,739	122,714
Change in fund balances from the year's operating financial activities		83,068

(1) Eliminations related to crossjurisdictional transactions stood at $37.8 million.

Segment Disclosures (continued)

Year ended December 31, 2007

(in thousands of dollars)

Urban agglomeration responsibilities		Eliminations (1)		Total	
Budget	Actual	Budget	Actual	Budget	Actual
1,522,851	1,539,855			2,579,912	2,606,529
142,519	141,981			245,877	242,893
61,226	54,764			385,565	336,231
46,167	50,047	(37,468)	(37,768)	206,077	216,846
1,853	1,877			103,778	132,202
87,042	71,984			201,658	155,708
23,446	36,489			103,602	130,913
45,379	16,187			94,944	76,397
1,930,483	1,913,184	(37,468)	(37,768)	3,921,413	3,897,719
230,618	192,308	(33,973)	(35,467)	559,183	461,915
799,831	818,586			813,435	830,115
421,437	432,859		(75)	650,837	689,866
214,570	203,760	(3,453)	(2,169)	354,706	342,084
37,574	29,522			126,805	118,726
52,444	49,052	(42)	(53)	157,144	162,152
71,069	70,453		(4)	413,592	421,992
78,775	53,237			413,660	364,257
1,906,318	1,849,777	(37,468)	(37,768)	3,489,362	3,391,107
24,165	63,407			432,051	506,612
(79,811)	(88,747)			(414,958)	(326,170)
(19,000)	(32,009)			(22,200)	(67,377)
41,300	41,300				
31,936	41,304			53,089	81,133
	(31,213)				(42,627)
1,410	15,817			(47,982)	(58,644)
55,646	35,699			(17,093)	(87,515)
	9,859				92,927

Segment Disclosures (continued)
Year ended December 31, 2007

SCHEDULE 11 – MUNICIPAL ADMINISTRATION - NON-CONSOLIDATED CAPITAL ASSET FINANCIAL ACTIVITIES BY RESPONSIBILITY

	Local responsibilities	
	Budget	Actual
Revenues		
Taxes		
Transfers	66,261	34,309
Other revenues		
Developers' contributions	5,649	12,369
Other		361
	71,910	47,039
Capital asset expenditures		
General administration	40,251	23,474
Public safety	402	261
Transportation	103,036	84,571
Environmental health	79,805	65,804
Health and welfare		68
Urban planning and development	58,142	49,286
Recreation and culture	64,012	55,700
	345,648	279,164
Deficit for the year	(273,738)	(232,125)
Financing		
Long-term financing of capital asset financial activities	268,708	251,167
Appropriations		
Operating financial activities	3,200	35,368
Unrestricted surplus		
Restricted surplus		3,917
Financial reserves and reserved funds	1,830	3,415
	5,030	42,700
Change in fund balances from the year's capital asset financial activities		61,742

Segment Disclosures (continued)
Year ended December 31, 2007

(in thousands of dollars)

Urban agglomeration responsibilities		Total	
Budget	Actual	Budget	Actual
7,699	12,672	73,960	46,981
375	150	6,024	12,519
	3,441		3,802
8,074	16,263	79,984	63,302
40,718	26,733	80,969	50,207
31,759	35,309	32,161	35,570
155,846	127,027	258,882	211,598
65,745	50,103	145,550	115,907
	243		311
8,227	5,317	66,369	54,603
55,408	22,607	119,420	78,307
357,703	267,339	703,351	546,503
(349,629)	(251,076)	(623,367)	(483,201)
310,629	199,251	579,337	450,418
19,000	32,009	22,200	67,377
	(118)		(118)
20,000	571	20,000	4,488
	22,617	1,830	26,032
39,000	55,079	44,030	97,779
	3,254		64,996

Annual Financial Report

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Consolidated Supplementary Information

(unaudited)

2007

Annual Financial Report 2007

Consolidated Supplementary Information

(unaudited)

2007

2007

Analysis of Consolidated Operating Revenues
Year ended December 31, 2007

	(in thousands of dollars)	
	2007	
	Budget	Actual
Taxes		
On property value		
General property taxes	2,266,925	2,276,278
Sectorial taxes		
Special taxes for debt service	6,267	14,776
Special taxes for financial activities	118,780	19,845
Taxes allocated to improve water service		76,449
Road tax		19,691
Other	1,087	1,218
	2,393,059	2,408,257
On another basis		
Taxes, compensation and user fees		
Municipal services		
Water	140,909	141,462
Waste water treatment	6,300	6,366
Waste removal and recycling	13,135	13,305
Other	852	818
Debt service	18,599	18,565
	179,795	180,516
Business taxes		
Other	7,058	8,666
	186,853	189,182
	2,579,912	2,597,439

Analysis of Consolidated Operating Revenues (cont'd)

Year ended December 31, 2007

(in thousands of dollars)

	2007	
	Budget	Actual
Payments in lieu of taxes		
Government of Québec and its enterprises		
Government enterprise immovables and establishments		
Taxes on property value	39,095	33,628
Taxes allocated to improve water service		1,026
Road tax		287
Other taxes, compensations and billing	3,417	5,020
	42,512	39,961
Immovables of the health and social services network and educational system		
Health and social services	44,947	43,832
CEGEPs (junior colleges) and universities	57,921	60,506
Primary and secondary schools	44,480	44,374
	147,348	148,712
Other immovables		
Immovables of certain government and international agencies		
Taxes on property value	1,668	1,627
Taxes allocated to improve water service		56
Road tax		15
Classified cultural property	227	235
Classified cultural property – Taxes allocated to improve water service		7
Classified cultural property – Road tax		1
	1,895	1,941
	191,755	190,614
Government of Canada and its enterprises		
Taxes on property value	43,286	38,374
Taxes allocated to improve water service		1,352
Road tax		573
Other taxes, compensations and billing	3,195	4,260
	46,481	44,559
Municipal organizations		
Taxes on property value	5,764	5,936
Other	1,877	1,784
	245,877	242,893

Analysis of Consolidated Operating Revenues (cont'd)

Year ended December 31, 2007

(in thousands of dollars)

	2007	
	Budget	Actual
Transfers		
Unconditional transfers		
Québec government		
Neutrality	7,140	7,275
Compensation from the Québec Sales Tax	51,200	46,886
Other	39,500	41,253
	97,840	95,414
Conditional transfers		
Government		
General administration	21,413	4,765
Public safety		
Police		2,307
Fire safety	7,328	10,669
Other		464
	7,328	13,440
Transportation		
Road network		
Municipal roads	9,469	3,832
Snow removal		755
Other		798
Public transit		
Mass transit		
Regular transit	101,963	30,983
Paratransit	31,822	30,794
Other	72,383	
	215,637	67,162
Environmental health		
Supply and treatment of drinking water	213	167
Water distribution system	1,100	247
Waste water treatment	69,679	37,965
Sewage system	(705)	9
Waste removal and recycling	14,000	42,858
Environmental protection	1,159	21
Other	6,418	
	91,864	81,267

Analysis of Consolidated Operating Revenues (cont'd)

Year ended December 31, 2007

(in thousands of dollars)

	2007	
	Budget	Actual
Transfers (cont'd)		
Conditional transfers (cont'd)		
Health and welfare		
Public housing		399
Income security, public employment services and community health	61,638	72,097
Other	9,028	9,996
	70,666	82,492
Urban planning and development		
Urban redevelopment	19,733	23,085
Promotion and economic development	15,839	14,834
Other	3,692	457
	39,264	38,376
Recreation and culture		
Recreational activities	1,496	1,485
Cultural activities		
Libraries	3,572	4,870
Other	835	2,360
	5,903	8,715
	452,075	296,217
Other conditional transfers	604	
	452,679	296,217
	550,519	391,631

Analysis of Consolidated Operating Revenues (cont'd)
Year ended December 31, 2007

(in thousands of dollars)

	2007	
	Budget	Actual
Other revenues from local sources		
Services rendered to municipal organizations		
General administration	(13)	377
Public safety		
Fire safety		136
Transportation		
Road network		
Snow removal	100	
Environmental health		
Supply and treatment of drinking water	181	188
Waste removal and recycling		
Household waste	228	194
Secondary materials	56	45
	465	425
	552	938
Other services rendered		
General administration	15,401	14,073
Public safety	32,321	30,329
Transportation - Road network	53,402	53,412
Mass transit		
User fees		
Regular transit	414,224	413,511
Paratransit	2,254	2,144
Other		1,640
Environmental health	18,570	11,103
Health and welfare	616	736
Urban planning and development	71,576	74,696
Recreation and culture	34,549	36,220
Other		154
	642,913	638,018
	643,465	638,956

Analysis of Consolidated Operating Revenues (cont'd)

Year ended December 31, 2007

(in thousands of dollars)

	2007	
	Budget	Actual
Fee collection		
Licences and permits	14,047	19,858
Real estate transfer fees	89,731	112,236
Other		108
	103,778	132,202
Fines and penalties		
Tickets – Traffic and parking	193,261	146,235
Other – Fines and penalties	8,397	9,473
	201,658	155,708
Interest		
Tax arrears	8,194	7,646
Sinking fund	58,692	66,044
Cash and other interest	36,716	63,769
	103,602	137,459
Other revenues		
Disposal of capital assets		
Other assets	23,060	13,904
Developers' contributions		31
Contributions by municipal organizations	47,723	39,740
Other	24,161	169,783
	94,944	223,458
Total operating revenues	4,523,755	4,519,746

Analysis of Consolidated Operating Expenditures

Year ended December 31, 2007

(in thousands of dollars)

	2007	
	Budget	**Actual**
General administration		
City council	57,992	52,404
Application of the law	49,682	53,684
Financial and administrative management	156,609	162,078
Registry office	13,926	13,120
Valuation	21,437	19,295
Personnel management	31,630	31,877
Other	227,907	122,248
	559,183	454,706
Public safety		
Police	512,194	535,418
Fire safety	285,713	279,432
Emergency preparedness	1,893	2,204
Other	13,635	13,061
	813,435	830,115
Transportation		
Road network		
Municipal roads	122,036	109,321
Snow removal	133,461	169,302
Lighting	37,395	32,221
Traffic and parking	36,045	38,046
	328,937	348,890
Public transit		
Mass transit	802,491	786,703
Other	2,100	3,952
	1,133,528	1,139,545
Environmental health		
Water and sewers		
Supply and treatment of drinking water	47,377	49,528
Water distribution system	63,960	53,885
Waste water treatment	60,000	52,100
Sewage system	27,714	27,595
	199,051	183,108
Waste removal and recycling		
Household waste		
Collection and transportation	61,590	63,161
Disposal	24,753	26,389
Secondary materials		
Collection and transportation	23,194	23,004
Treatment	10,817	8,838
Disposal of dry materials	18,881	22,265
	139,235	143,657
Environmental protection	16,103	14,958
Other	317	361
	354,706	342,084

Analysis of Consolidated Operating Expenditures (cont'd)

Year ended December 31, 2007

(in thousands of dollars)

	2007	
	Budget	Actual
Health and welfare		
Public housing	47,119	67,611
Income security, public employment services and community health	60,862	60,197
Other	18,824	20,805
	126,805	148,613
Urban planning and development		
Urban development, planning and zoning	41,444	38,188
Urban redevelopment		
Heritage properties	6,079	4,673
Other properties	44,659	44,220
	50,738	48,893
Promotion and economic development		
Industry and trade	59,804	66,781
Tourism	1,499	1,439
Other	497	496
	61,800	68,716
Other	3,162	4,236
	157,144	160,033
Recreation and culture		
Recreational activities		
Community centres	60,656	60,460
Indoor and outdoor skating rinks	35,068	35,170
Swimming pools, beaches and marinas	35,282	36,315
Parks and playing fields	112,748	121,256
Regional parks – Managing and operating	6,084	359
Exhibitions and fairs	364	367
Other	11,766	16,617
	261,968	270,544
Cultural activities		
Community centres	13,338	13,751
Libraries	61,329	62,905
Heritage – Museums and exhibition centres	54,717	54,300
Other	22,240	23,898
	151,624	154,854
	413,592	425,398

Analysis of Consolidated Operating Expenditures (cont'd)

Year ended December 31, 2007

(in thousands of dollars)

	2007	
	Budget	**Actual**
Financing expenses		
Long-term debt		
Interest	441,702	416,715
Other charges	10,472	
	452,174	416,715
Other financing expenses	1,421	11,122
	453,595	427,837
Total operating expenditures	4,011,988	3,928,331

Analysis of the Consolidated Cost of Municipal Services

Year ended December 31, 2007

(in thousands of dollars)

	Operating expenditures	Amortization of capital assets	Services rendered	Cost of municipal services
General administration				
Valuation	19,295	1,180	(1,857)	18,618
Other	435,411	11,368	(12,747)	434,032
	454,706	12,548	(14,604)	452,650
Public safety				
Police	535,418	7,758	(28,945)	514,231
Fire safety	279,432	9,228	(549)	288,111
Emergency preparedness	2,204	82		2,286
Other	13,061	5	(971)	12,095
	830,115	17,073	(30,465)	816,723
Transportation				
Road network				
Municipal roads	109,321	134,501	(3,361)	240,461
Snow removal	169,302	7,863	(2,070)	175,095
Other	70,267	14,333	(47,981)	36,619
Public transit	786,703	92,897	(415,655)	463,945
Other	3,952	100	(1,640)	2,412
	1,139,545	249,694	(470,707)	918,532
Environmental health				
Supply and treatment of drinking water	49,528	3,263	(222)	52,569
Water distribution system	53,885	23,915	(681)	77,119
Waste water treatment	52,100	37,583	(107)	89,576
Sewage system	27,595	31,500	(285)	58,810
Waste removal and recycling				
Household waste	89,550	3,542	(245)	92,847
Secondary materials	31,842	6,095	(1,115)	36,822
Other	22,265		(8,784)	13,481
Environmental protection	14,958	355	(87)	15,226
Other	361	21	(2)	380
	342,084	106,274	(11,528)	436,830
Health and welfare				
Public housing	67,611	9,156	(634)	76,133
Income security, public employment services and community health	60,197	66		60,263
Other	20,805	14	(102)	20,717
	148,613	9,236	(736)	157,113
Urban planning and development				
Urban development, planning and zoning	38,188	2,431	(15,368)	25,251
Urban redevelopment	48,893	607	(425)	49,075
Promotion and economic development	68,716	831	(7,140)	62,407
Other	4,236	20,697	(51,763)	(26,830)
	160,033	24,566	(74,696)	109,903
Recreation and culture				
Recreational activities	270,544	59,835	(20,029)	310,350
Cultural activities				
Libraries	62,905	2,207	(971)	64,141
Other	91,949	7,229	(15,220)	83,958
	425,398	69,271	(36,220)	458,449
	3,500,494	488,662	(638,956)	3,350,200

Analysis of Consolidated Capital Expenditures by Type
Year ended December 31, 2007

(in thousands of dollars)

	2007	
	Budget	**Actual**
Capital assets		
Infrastructures		
Wastewater treatment plants and facilities	8 267	12 762
Sewers	32 482	42 963
Aqueduct	77 986	44 650
Drinking water treatment plants	17 834	11 638
Parks and playing fields	60 084	43 767
Landfills and incinerator		944
Paths, streets, routes and sidewalks	221 115	168 689
Bridges, tunnels and viaducts	20 082	9 642
Parking lots	100	18
Street lighting system	7 062	7 004
Other infrastructures	53 095	56 614
	498 107	398 691
Metro system		117 642
Buildings		
Administrative buildings	25 681	38 784
Community buildings	88 869	29 560
Leasehold improvements		4 794
Vehicles	123 984	78 426
Office furniture and equipment	40 587	73 438
Machinery, tools and equipment	217 858	23 571
Land	17 012	3 522
Other	25 817	1 603
	1 037 915	770 031

Consolidated Changes in Sinking Fund Investments
Year ended December 31, 2007

(in thousands of dollars)

Sinking Fund Investments as at December 31, 2006, as previously reported		1,163,188
Adjustment as at January 1, 2007		120,739
Adjusted balance		1,283,927
Add		
Contributions		264,098
Balance of closed loan by-laws		157
		264,255
Deduct		
Repayment of long-term debt from provisions		326,433
Reduction of the local improvements reserve		145
		326,578
Sinking Fund Investments as at December 31, 2007 (1)		1,221,604

(1)	**Sinking Fund Investments**		
	Term deposits and other securities		62,501
	Bonds		
	Provinces and government agencies	535,395	
	Other municipalities	302,090	
	Ville de Montréal	157,013	
	School boards, CEGEPs, CLSCs and hospitals	152,151	
	Société de transport de Montréal	12,454	
			1,159,103
			1,221,604

Consolidated Long-Term Debt Maturity
December 31, 2007

(in thousands)

Year of maturity	Bonds and term notes							
	Canadian dollars		U.S. dollars		Swiss Francs		Pounds sterling	
	Maturity (1)	To be refinanced (2)	Maturity (1)	To be refinanced (2)	Maturity (1)	To be refinanced (2)	Maturity (1)	To be refinanced (2)
2008	691,361	206,417						
2009	448,199	76,729	32,624	15,424				
2010	619,613	114,545						
2011	564,232	131,259						
2012	319,757	118,648	35,000	13,008				
2013	459,931	228,479			46,700	23,350		
2014	574,405	169,904						
2015	341,845	178,751						
2016	238,581	63,262						
2017	698,388	86,200						
2018	22,764							
2019	19,914							
2020	15,048							
2021	54,893							
2022	71,114	8,333						
2023	109,105							
2024	408,508							
2025	8,611							
2026	398,726	8,172						
2027	64,548							
2043	1,010,952							
2045	119,174							
	7,259,669	1,390,699	67,624	28,432	46,700	23,350		
Perpetuity							192	
	7,259,669	1,390,699	67,624	28,432	46,700	23,350	192	

Notes:
(1) Amounts in this column represent the loans maturing in each of the years shown.
(2) These amounts are included in the maturity column.
(3) Of this amount, $1,221.6 million has already accumulated in the Sinking Fund as at December 31, 2007.

Consolidated Long-Term Debt Maturity (continued)

December 31, 2007

Year of maturity	Bonds and term notes — Total value in Canadian dollars — Maturity (1)	To be refinanced (2)	Net maturity	Other debt — Canadian dollars — Maturity (1)	To be refinanced (2)	Net maturity	Net maturity in Canadian dollars
2008	691,361	206,417	484,944	42,128	19,017	23,111	**508,055**
2009	480,540	92,019	388,521	12,103	1,985	10,118	**398,639**
2010	619,613	114,545	505,068	53,049	42,451	10,598	**515,666**
2011	564,232	131,259	432,973	18,835	7,735	11,100	**444,073**
2012	354,453	131,543	222,910	93,263	81,612	11,651	**234,561**
2013	500,681	248,855	251,826	1,311		1,311	**253,137**
2014	574,405	169,904	404,501	1,329	13	1,316	**405,817**
2015	341,845	178,751	163,094	979		979	**164,073**
2016	238,581	63,262	175,319	1,047		1,047	**176,366**
2017	698,388	86,200	612,188	1,038		1,038	**613,226**
2018	22,764		22,764	939		939	**23,703**
2019	19,914		19,914	941		941	**20,855**
2020	15,048		15,048	810		810	**15,858**
2021	54,893		54,893	865		865	**55,758**
2022	71,114	8,333	62,781	924		924	**63,705**
2023	109,105		109,105	890		890	**109,995**
2024	408,508		408,508	649		649	**409,157**
2025	8,611		8,611	691		691	**9,302**
2026	398,726	8,172	390,554	459		459	**391,013**
2027	64,548		64,548	203		203	**64,751**
2043	1,010,952		1,010,952				**1,010,952**
2045	119,174		119,174				**119,174**
	7,367,456	1,439,260	5,928,196	232,453	152,813	79,640	**6,007,836**
	404		404				**404**
	7,367,860 (3)	1,439,260	5,928,600	232,453	152,813	79,640	**6,008,240**
		To be refinanced	1,439,260			152,813	**1,592,073**
			7,367,860 (3)			232,453	**7,600,313**

Consolidated Changes in Long-Term Debt
Year ended December 31, 2007

		(in thousands of dollars)
Long-term debt as at December 31, 2007, as previously reported		**6,552,882**
Adjustment as at January 1, 2007		**904,472**
Adjusted balance		**7,457,354**
Add		
Loans contracted		
Loan, 4.36%, issued January 19, 2007		**73,200**
Loan, 4.55%, issued January 19, 2007		**16,300**
Loan, 4.6%, issued January 19, 2007		**10,500**
Loan, 6.12%, issued April 26, 2007		**2,419**
Loan, 4.761%, issued May 16, 2007		**150,000**
Loan, 4.6%, issued June 1, 2007		**100,000**
Loan, 4.74%, issued June 7, 2007		**54,252**
Loan, 4.92%, issued June 7, 2007		**21,098**
Loan, 5%, issued October 25, 2007		**215,000**
Loan, 5.11%, issued November 15, 2007		**128,100**
Loan, 5.27%, issued November 15, 2007		**17,700**
Loan, 5.32%, issued November 15, 2007		**29,200**
Loan, 4.54%, issued December 20, 2007		**75,000**
Loss on foreign exchange fluctuations		**(27,343)**
		865,426
Deduct		
Refinancing of bonds and term notes		**92,002**
Bonds and term notes redeemed		
Sinking Fund	**326,433**	
Other	**277,808**	
Repayment of other long-term debt	**829**	
		605,070
Debt in refinancing		**25,395**
		722,467
Long-term debt as at December 31, 2007		**7,600,313**

Water Management

Consolidated Operating Financial Activities Related to Water Management

Year ended December 31, 2007

(in thousands of dollars)

	Local responsibilities	
	Budget	**Actual**
Revenues		
Taxes allocated to improve water service	45,000	**46,918**
Other revenues from local sources	1,961	**928**
Transfers		**151**
User fees — drinking water — reconstituted municipalities		
Amount from property and rental taxes and other revenues	61,170	**61,170**
	108,131	**109,167**
Expenditures		
Operating expenditures	60,797	**53,409**
Surplus for the year	47,334	**55,758**
Financing		
Repayment of long-term debt (1)	47,334	**47,334**
Appropriations		
Capital asset financial activities		**(126)**
Restricted surplus		
Financial reserves — Water management		
		(126)
Change in fund balances from the year's operating financial activities		**8,298**

(1) For the purposes of this supplementary information, the repayment of long-term debt includes the financing expenses.

(2) Crossjurisdictional transactions have been eliminated.

Consolidated Operating Financial Activities Related to Water Management (continued)

Year ended December 31, 2007

Urban agglomeration responsibilities		Eliminations (2)		Total	
Budget	Actual	Budget	Actual	Budget	Actual
40,000	42,297			85,000	89,215
1,494	225			3,455	1,153
	1,154				1,305
3,694	3,989			3,694	3,989
145,314	145,314			206,484	206,484
190,502	192,979			298,633	302,146
138,253	129,793		(94)	199,050	183,108
52,249	63,186		94	99,583	119,038
42,249	42,249			89,583	89,583
	(1,129)				(1,255)
	4,819				4,819
(10,000)				(10,000)	
(10,000)	3,690			(10,000)	3,564
	24,627		94		33,019

Consolidated Capital Asset Financial Activities Related to Water Management

Year ended December 31, 2007

(in thousands of dollars)

	Local responsibilities	
	Budget	**Actual**
Revenues		
Transfers	65,945	33,086
Capital expenditures		
Environmental health		
Aqueduct and sewage system	68,211	40,103
Purification and treatment of drinking water		
Wastewater treatment plant and facilities		
Other classes of assets		
	68,211	40,103
Deficit for the year	(2,266)	(7,017)
Financing		
Long-term financiing of capital asset financial activities	2,266	13,396
Appropriations		
Operating financial activities		126
Unrestricted surplus		
Financial reserve - water management		2,570
		2,696
Change in fund balances from the year's capital asset financial activities		9,075

Consolidated Capital Asset Financial Activities Related to Water Management (continued)

Year ended December 31, 2007

Urban agglomeration responsibilities		Total	
Budget	Actual	Budget	Actual
3,889	5,302	69,834	38,388
35,295	18,815	103,506	58,918
17,834	11,638	17,834	11,638
6,707	12,762	6,707	12,762
3,483	2,359	3,483	2,359
63,319	45,574	131,530	85,677
(59,430)	(40,272)	(61,696)	(47,289)
49,430	11,630	51,696	25,026
	1,129		1,255
	(26)		(26)
10,000	8,039	10,000	10,609
10,000	9,142	10,000	11,838
	(19,500)		(10,425)

Annual Financial Report

2007

Non-Consolidated Financial Information

Municipal Administration
Breakdown of Mixed Expenditures

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Annual Financial Report

2007

Non-Consolidated Financial Information

Municipal Administration
Breakdown of Mixed Expenditures

2007

Montréal

Bureau du vérificateur général
1550, rue Metcalfe
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REPORT OF THE GENERAL AUDITOR OF MONTRÉAL ON THE BREAKDOWN OF THE MIXED EXPENDITURES

To the Mayor,
the Chairman and the Members of the Executive Committee,
the Members of the Council of the Ville de Montréal,
the Members of the Montréal Agglomeration Council

Under Section 70 of *An Act respecting the exercise of certain municipal powers in certain urban agglomerations*, I have audited the Breakdown of the Mixed Expenditures schedule for the municipal administration between local and agglomeration responsibilities, for the year ended December 31, 2007. This breakdown is determined in accordance with the criteria and calculation method defined in by-law RCG06-054 adopted by the Agglomeration Council on December 13, 2006. This financial information is the responsibility of the City's management. My responsibility is to express an opinion on this financial information based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial information presentation.

In my opinion, this schedule presents fairly, in all material respects, the breakdown of the mixed expenditures for the municipal administration between local and agglomeration responsibilities for the year ended December 31, 2007 in accordance with the criteria and calculation method defined in the by-law adopted by the Agglomeration Council.

General auditor of Montréal,

Michel Doyon, CA

Montréal, April 15, 2008

Municipal Administration - Breakdown of Mixed Expenditures Schedule
Year ended December 31, 2007

(in thousands of dollars)

	2007	
	Local responsibilities	
	Budget	Actual
Operating Expenditures		
General administration	82,707	84,369
Public safety	2,058	1,744
Transportation	1,813	1,475
Environmental health	6,196	5,831
Health and welfare	3,148	3,971
Urban planning and development	23,264	24,170
Recreation and culture	6,064	6,367
Financing expenses		3
	125,250	127,930
Appropriations		
Capital asset financial activities		(149)
Total operating expenditures and appropriations	125,250	127,781

(1) Crossjurisdictional transactions are eliminated.

Municipal Administration - Breakdown of Mixed Expenditures Schedule (continued)

Year ended December 31, 2007

2007						2006
Urban agglomeration responsibilities		Eliminations (1)		Total		
Budget	Actual	Budget	Actual	Budget	Actual	Actual
107,334	105,070	9,268	9,895	199,309	199,334	174,726
				2,058	1,744	2,482
2,508	2,359		(15)	4,321	3,819	23,211
5,181	4,278	(1)	(11)	11,376	10,098	4,525
3,389	3,291		(1)	6,537	7,261	4,202
15,135	16,003		(3)	38,399	40,170	42,218
7,989	7,998		(1)	14,053	14,364	17,255
					3	1,762
141,536	138,999	9,267	9,864	276,053	276,793	270,381
	524		(72)		303	443
141,536	139,523	9,267	9,792	276,053	277,096	270,824

Municipal Administration – Breakdown of Mixed Expenditures – Notes to the Consolidated Financial Statements

December 31, 2007

1- MIXED EXPENDITURES

An *Act respecting the exercise of certain municipal powers in certain urban agglomerations* (R.S.Q., chapter E-20.001), completed by the *Montréal Agglomeration Order (*Order-in-Council No. 1229-2005) and the orders that amended it thereafter, lists and defines the powers of the agglomeration. Under this act, expenditures incurred in carrying out an act that falls within the exercise of an agglomeration power and, at the same time, another power, are considered mixed expenditures; these mixed expenditures are subject to a by-law of the agglomeration council that sets out criteria for establishing which portion of the mixed expenditure is an expenditure related to the exercise of an agglomeration power.

2- BREAKDOWN OF MIXED EXPENDITURES

The mixed expenditures of the municipal administration are broken down between local and agglomeration powers in accordance with the criteria and calculation method defined in by-law RCG06-054 adopted by the agglomeration council on December 13, 2006 and effective January 1, 2007.

Therefore, the portion of a mixed expenditure related to transportation, environmental health, health and welfare, urban planning and development, as well as recreation and culture, which constitutes an expenditure incurred in exercising an agglomeration power, is determined using factual quantitative data or a quantitative measure of the human or financial resources allocated to the expenditure.

Also, the portion of a mixed expenditure that is a general administrative expenditure incurred by any support unit in the exercise of an agglomeration power is determined using an administrative expenditure rate applied to the agglomeration expenditures, excluding debt service expenditures, contribution expenditures and contingent expenditures. Under the by-law in 2007, the administrative expenditure rate was 7.86%.

The actual mixed expenditures are distributed based on the rates used to develop the City's 2007 Budget.

3- SIGNIFICANT ACCOUNTING POLICIES

The Breakdown of Mixed Expenditures Schedule for the municipal administration is prepared in accordance with generally accepted accounting principles applicable to local governments issued by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants using the same accounting policies as those described in Note 3 to the consolidated financial statements of Ville de Montréal for the year ended December 31, 2007.

Non-Consolidated Supplementary Information and Statistics

(unaudited)

2007

Municipal Administration – Breakdown of Mixed Expenditures – Notes to the Consolidated Financial Statements

December 31, 2007

1- MIXED EXPENDITURES

An *Act respecting the exercise of certain municipal powers in certain urban agglomerations* (R.S.Q., chapter E-20.001), completed by the *Montréal Agglomeration Order* (Order-in-Council No. 1229-2005) and the orders that amended it thereafter, lists and defines the powers of the agglomeration. Under this act, expenditures incurred in carrying out an act that falls within the exercise of an agglomeration power and, at the same time, another power, are considered mixed expenditures; these mixed expenditures are subject to a by-law of the agglomeration council that sets out criteria for establishing which portion of the mixed expenditure is an expenditure related to the exercise of an agglomeration power.

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Non-Consolidated Supplementary Information and Statistics

(unaudited)

2007

Equivalent Taxable Valuation
As at December 31, 2007

Equivalent Taxable Valuation

The City collects significant revenues in respect of certain tax-exempt immovables in the form of payments in lieu of taxes. For these reasons, the taxable valuation has been adjusted to more accurately reflect the values of immovables on which the City's revenues are based. The equivalent taxable valuation is obtained by augmenting the taxable valuation by an amount of the non-taxable valuation that, if taxed at the current rates, would generate tax revenues equivalent to the payments in lieu of taxes and other revenues that the City collects for these types of properties. The following table sets forth the equivalent taxable valuation of the City's immovables as at December 31.

(in thousands of dollars)	Equivalent value	
	Urban Agglomeration	Ville de Montréal
Valuation of taxable immovables (1)	164,832,572	131,988,021
Valuation of tax-exempt immovables		
Immovables mentioned in Section 208	748,491	268,866
Government of Québec and its enterprises	841,639	818,154
Government of Canada and its enterprises	1,555,113	826,264
Foreign governments	77,416	62,467
Classified immovable cultural property	25,908	25,220
Health and social services network (2)	2,998,196	2,827,488
CEGEPs and universities (2)	4,016,495	3,731,329
Primary schools (2)	1,556,840	1,291,976
Secondary schools (2)	1,610,456	1,415,666
	13,420,554	11,267,430
Valuation of taxable and tax-exempt immovables	178,253,126	143,255,451
Comparative factor (3)	1.00	1.00
Standardized equivalent taxable valuation	**178,253,126**	**143,255,451**

(1) According to the 2007-2010 four-year valuation roll, tabled on September 13, 2006, updated on December 31, 2007.
(2) The percentage applicable to such immovables is established in Avis 1410 of the Government of Québec.
(3) The comparison factor of the agglomeration is determined based on the *Act respecting the exercise of certain municipal powers in certain urban agglomerations*, S.Q. 2004, chapter 29, Section 84.

2006 to 2008 Tax Rates[1]

Residual Properties (five or fewer units)

Sectors-Boroughs	2008 [2]			2007 [2]			2006		
	Average Cumulative Rates[3]		Average Cumulative Global Rates[3]	Average Cumulative Rates[3]		Average Cumulative Global Rates[3]	Average Cumulative Rates[3]		Average Cumulative Global Rates[3]
	Agglo-meration	Local		Agglo-meration	Local		Agglo-meration	Local	
Anjou	0.7361	0.5439	1.2800	0.7726	0.6219	1.3945	0.8077	0.6896	1.4973
Lachine	0.7361	0.4803	1.2164	0.7726	0.5376	1.3102	0.8077	0.6264	1.4341
LaSalle	0.7361	0.5860	1.3221	0.7726	0.6730	1.4456	0.8077	0.5892	1.3969
L'Île-Bizard	0.7361	0.3969	1.1330	0.7726	0.4465	1.2191	0.8077	0.5438	1.3515
Montréal									
Ahuntsic-Cartierville	0.7361	0.5112	1.2473	0.7726	0.6188	1.3914	0.8077	0.7238	1.5315
Côte-des-Neiges–Notre-Dame-de-Grâce	0.7361	0.5079	1.2440	0.7726	0.6116	1.3842	0.8077	0.7238	1.5315
Mercier–Hochelaga-Maisonneuve	0.7361	0.5092	1.2453	0.7726	0.6136	1.3862	0.8077	0.7238	1.5315
Plateau-Mont-Royal	0.7361	0.5089	1.2450	0.7726	0.6141	1.3867	0.8077	0.7238	1.5315
Rivière-des-Prairies–Pointe-aux-Trembles	0.7361	0.5274	1.2635	0.7726	0.6227	1.3953	0.8077	0.7238	1.5315
Rosemont–La Petite-Patrie	0.7361	0.5191	1.2552	0.7726	0.6172	1.3898	0.8077	0.7238	1.5315
Sud-Ouest	0.7361	0.5213	1.2574	0.7726	0.6202	1.3928	0.8077	0.7238	1.5315
Ville-Marie	0.7361	0.5302	1.2663	0.7726	0.6375	1.4101	0.8077	0.7238	1.5315
Villeray–Saint-Michel–Parc-Extension	0.7361	0.5115	1.2476	0.7726	0.6171	1.3897	0.8077	0.7238	1.5315
Montréal-Nord	0.7361	0.5603	1.2964	0.7726	0.5716	1.3442	0.8077	0.6452	1.4529
Outremont	0.7361	0.3569	1.0930	0.7726	0.4301	1.2027	0.8077	0.4818	1.2895
Pierrefonds	0.7361	0.5241	1.2602	0.7726	0.6165	1.3891	0.8077	0.7405	1.5482
Roxboro	0.7361	0.4493	1.1854	0.7726	0.5461	1.3187	0.8077	0.6760	1.4837
Sainte-Geneviève	0.7361	0.4509	1.1870	0.7726	0.5124	1.2850	0.8077	0.6017	1.4094
Saint-Laurent	0.7361	0.4455	1.1816	0.7726	0.5057	1.2783	0.8077	0.5870	1.3947
Saint-Léonard	0.7361	0.4381	1.1742	0.7726	0.5197	1.2923	0.8077	0.6174	1.4251
Verdun	0.7361	0.5121	1.2482	0.7726	0.5668	1.3394	0.8077	0.7053	1.5130
Ville de Montréal	**0.7361**			**0.7726**			**0.8077**		
Reconstituted municipalities	**0.7111**			**0.7449**			**0.7818**		
Hampstead [4][5]	0.6335			0.4730			0.7818		

1. All property taxes are expressed in dollars per $100 valuation.
2. In 2008, the forward averaging of the 2007-2010 four-year valuation roll was applied to all sectors.
3. The average cumulative rates correspond to the sum of a council's revenues from tax and user fees, divided by the value of properties situated within that jurisdiction. The average cumulative global rate corresponds to the set of average cumulative rates for the three levels of taxation.
4. In 2007, the municipality of Hampstead opted to apply the tax mitigation measure. The Urban Agglomeration's general property tax basic rate for the residual category has been reduced by 0.2719 (0.1577 for 2006 and 0.1142 for 2007).
5. In 2008, the municipality of Hamstead opted to apply the tax mitigation measure. The Urban Agglomeration's general property tax basic rate for the residual category has been reduced by 0.0776.

2006 to 2008 Tax Rates[1]

Properties with Six or More Units

Sectors-Boroughs	2008[2]			2007[2]			2006		
	Average Cumulative Rates[3]		Average Cumulative Global Rates[3]	Average Cumulative Rates[3]		Average Cumulative Global Rates[3]	Average Cumulative Rates[3]		Average Cumulative Global Rates[3]
	Agglo-meration	Local		Agglo-meration	Local		Agglo-meration	Local	
Anjou	0.7361	0.6271	1.3632	0.7726	0.7168	1.4894	0.8077	0.8463	1.6540
Lachine	0.7361	0.6125	1.3486	0.7726	0.7404	1.5130	0.8077	0.8991	1.7068
LaSalle	0.7361	0.6692	1.4053	0.7726	0.7679	1.5405	0.8077	0.8000	1.6077
L'Île-Bizard	0.7361	0.4800	1.2161	0.7726	0.5398	1.3124	0.8077	0.7546	1.5623
Montréal									
Ahuntsic-Cartierville	0.7361	0.5944	1.3305	0.7726	0.7136	1.4862	0.8077	0.9346	1.7423
Côte-des-Neiges–Notre-Dame-de-Grâce	0.7361	0.5911	1.3272	0.7726	0.7064	1.4790	0.8077	0.9346	1.7423
Mercier–Hochelaga-Maisonneuve	0.7361	0.5924	1.3285	0.7726	0.7084	1.4810	0.8077	0.9346	1.7423
Plateau-Mont-Royal	0.7361	0.5921	1.3282	0.7726	0.7089	1.4815	0.8077	0.9346	1.7423
Rivière-des-Prairies–Pointe-aux-Trembles	0.7361	0.6106	1.3467	0.7726	0.7175	1.4901	0.8077	0.9346	1.7423
Rosemont–La Petite-Patrie	0.7361	0.6023	1.3384	0.7726	0.7120	1.4846	0.8077	0.9346	1.7423
Sud-Ouest	0.7361	0.6045	1.3406	0.7726	0.7150	1.4876	0.8077	0.9346	1.7423
Ville-Marie	0.7361	0.6134	1.3495	0.7726	0.7323	1.5049	0.8077	0.9346	1.7423
Villeray–Saint-Michel–Parc-Extension	0.7361	0.5947	1.3308	0.7726	0.7119	1.4845	0.8077	0.9346	1.7423
Montréal-Nord	0.7361	0.6435	1.3796	0.7726	0.6665	1.4391	0.8077	0.8560	1.6637
Outremont	0.7361	0.4401	1.1762	0.7726	0.5250	1.2976	0.8077	0.6925	1.5002
Pierrefonds	0.7361	0.6072	1.3433	0.7726	0.7113	1.4839	0.8077	0.9513	1.7590
Roxboro	0.7361	0.5324	1.2685	0.7726	0.6409	1.4135	0.8077	0.8867	1.6944
Sainte-Geneviève	0.7361	0.5341	1.2702	0.7726	0.6072	1.3798	0.8077	0.7872	1.5949
Saint-Laurent	0.7361	0.5286	1.2647	0.7726	0.6003	1.3729	0.8077	0.7978	1.6055
Saint-Léonard	0.7361	0.5214	1.2575	0.7726	0.6146	1.3872	0.8077	0.8283	1.6360
Verdun	0.7361	0.6070	1.3431	0.7726	0.6809	1.4535	0.8077	0.9873	1.7950
Ville de Montréal	**0.7361**			**0.7726**			**0.8077**		
Reconstituted municipalities	**0.7111**			**0.7449**			**0.7818**		
Hampstead[4][5]	0.6437			0.5147			0.7818		

1. All property taxes are expressed in dollars per $100 valuation.
2. In 2008, the forward averaging of the 2007-2010 four-year valuation roll was applied to all sectors.
3. The average cumulative rates correspond to the sum of a council's revenues from tax and user fees, divided by the value of properties situated within that jurisdiction. The average cumulative global rate corresponds to the set of average cumulative rates for the three levels of taxation.
4. In 2007, the municipality of Hampstead has opted to apply the tax mitigation measure. The Urban Agglomeration's general property tax basic rate for the residual category has been reduced by 0.2302 (0.1332 for 2006 and 0.0970 for 2007).
5. In 2008, the municipality of Hamstead opted to apply the tax mitigation measure. The Urban Agglomeration's general property tax basic rate for six or more units has been reduced by 0.0674.

2006 to 2008 Tax Rates[1]
Non-Residential Properties

Sectors-Boroughs	2008[2]			2007[2]			2006		
	Average Cumulative Rates[3]		Average Cumulative Global Rate[3]	Average Cumulative Rates[3]		Average Cumulative Global Rate[3]	Average Cumulative Rates[3]		Average Cumulative Global Rate[3]
	Agglomeration	Local		Agglomeration	Local		Agglomeration	Local	
Anjou	2.4266	1.9643	4.3909	2.4093	2.1038	4.5131	2.7486	1.9201	4.6687
Lachine	2.4266	1.8313	4.2579	2.4093	1.9127	4.3220	2.7486	1.7237	4.4723
LaSalle	2.4266	1.8169	4.2435	2.4093	1.9692	4.3785	2.7486	1.6340	4.3826
L'Île-Bizard	2.4266	1.5666	3.9932	2.4093	1.6639	4.0732	2.7486	1.3554	4.1040
Montréal									
Ahuntsic-Cartierville	2.4266	2.1540	4.5806	2.4093	2.2771	4.6864	2.7486	2.0441	4.7927
Côte-des-Neiges–Notre-Dame-de-Grâce	2.4266	2.2695	4.6961	2.4093	2.2327	4.6420	2.7486	2.0441	4.7927
Mercier–Hochelaga-Maisonneuve	2.4266	2.9489	5.3755	2.4093	2.3546	4.7639	2.7486	2.0441	4.7927
Plateau-Mont-Royal	2.4266	2.0225	4.4491	2.4093	2.1890	4.5983	2.7486	2.0441	4.7927
Rivière-des-Prairies–Pointe-aux-Trembles	2.4266	2.3391	4.7657	2.4093	2.2390	4.6483	2.7486	2.0441	4.7927
Rosemont–La Petite-Patrie	2.4266	2.1347	4.5613	2.4093	2.2538	4.6631	2.7486	2.0441	4.7927
Sud-Ouest	2.4266	3.9684	6.3950	2.4093	2.7421	5.1514	2.7486	2.0441	4.7927
Ville-Marie	2.4266	2.2020	4.6286	2.4093	2.2257	4.6350	2.7486	2.0441	4.7927
Villeray–Saint-Michel–Parc-Extension	2.4266	2.3291	4.7557	2.4093	2.2208	4.6301	2.7486	2.0441	4.7927
Montréal-Nord	2.4266	1.8516	4.2782	2.4093	1.9085	4.3178	2.7486	1.8152	4.5638
Outremont	2.4266	1.4990	3.9256	2.4093	1.6280	4.0373	2.7486	1.3741	4.1227
Pierrefonds	2.4266	1.9347	4.3613	2.4093	2.1185	4.5278	2.7486	2.0143	4.7629
Roxboro	2.4266	1.7419	4.1685	2.4093	1.9232	4.3325	2.7486	1.8324	4.5810
Sainte-Geneviève	2.4266	1.7254	4.1520	2.4093	1.8654	4.2747	2.7486	1.6767	4.4253
Saint-Laurent	2.4266	1.7558	4.1824	2.4093	1.8470	4.2563	2.7486	1.5109	4.2595
Saint-Léonard	2.4266	1.7326	4.1592	2.4093	1.8761	4.2854	2.7486	1.6997	4.4483
Verdun	2.4266	1.6086	4.0352	2.4093	1.7043	4.1136	2.7486	2.4435	5.1921
Ville de Montréal	**2.4266**			**2.4093**			**2.7486**		
Reconstituted municipalities	**2.3502**			**2.3292**			**2.6666**		

1. All property taxes are expressed in dollars per $100 valuation.
2. In 2008, the forward averaging of the 2007-2010 four-year valuation roll was applied to all sectors.
3. The average cumulative rates correspond to the sum of a council's revenues from tax and user fees, divided by the value of properties situated within that jurisdiction. The average cumulative global rate corresponds to the set of average cumulative rates for the three levels of taxation.

Taxable and Non-Taxable Values by Borough, Ville de Montréal
December 31, 2007

Sectors-Boroughs	Units	Taxable value ($M)			Non-taxable ($M)	Total of roll	
		Residential	Commercial, industrial	Vacant lot		Value ($M)	Relative share
Anjou	12,951	2,674.2	1,238.6	24.7	204.1	4,141.7	2.68%
Lachine	11,677	2,321.3	1,021.0	140.7	384.4	3,867.3	2.50%
LaSalle	17,283	4,409.6	911.0	36.7	625.7	5,982.9	3.87%
L'Île-Bizard / Sainte-Geneviève	6,713	1,570.8	69.1	33.8	109.3	1,783.1	1.15%
Montréal							
Ahuntsic-Cartierville	26,890	7,793.8	1,582.2	90.6	1,992.2	11,458.8	7.40%
Côte-des-Neiges–Notre-Dame-de-Grâce	24,149	9,684.7	1,344.5	68.4	3,034.8	14,132.5	9.13%
Mercier–Hochelaga-Maisonneuve	27,025	6,520.7	1,368.9	80.0	1,448.1	9,417.6	6.08%
Plateau-Mont-Royal	23,160	6,788.5	1,597.0	30.7	1,179.8	9,596.0	6.20%
Rivière-des-Prairies–Pointe-aux-Trembles	32,218	6,174.9	973.4	201.1	1,150.8	8,500.1	5.49%
Rosemont–La Petite-Patrie	27,239	7,286.5	1,047.9	33.7	1,455.5	9,823.6	6.35%
Sud-Ouest	16,350	3,429.9	903.6	113.7	857.9	5,305.0	3.43%
Ville-Marie	27,697	7,581.9	12,498.6	142.2	5,834.3	26,057.0	16.84%
Villeray–Saint-Michel–Parc-Extension	23,477	5,927.0	1,249.6	35.0	976.0	8,187.5	5.29%
Montréal-Nord	13,889	3,671.9	616.6	26.4	427.4	4,742.4	3.06%
Outremont	5,958	3,238.8	128.1	19.0	484.2	3,870.1	2.50%
Pierrefonds / Roxboro	21,122	4,466.7	213.4	103.9	436.9	5,221.0	3.37%
Saint-Laurent	24,071	5,878.9	3,839.9	305.5	1,003.3	11,027.7	7.13%
Saint-Léonard	12,595	4,522.7	1,069.3	31.2	314.0	5,937.2	3.84%
Verdun	18,970	4,706.4	367.3	50.3	598.5	5,722.4	3.70%
Ville de Montréal	**373,434**	**98,649.2**	**32,040.0**	**1,567.7**	**22,517.1**	**154,774.0**	**100.0%**

Source: Ville de Montréal, 2007-2010 four-year valuation roll, updated December 31, 2007.

Taxable and Non-Taxable Values by related Municipality, Agglomeration of Montréal
December 31, 2007

Related municipalities	Units	Taxable value ($M)			Non-taxable ($M)	Total of roll	
		Residential	Commercial, industrial	Vacant lot		Value ($M)	Relative share
Baie-d'Urfé	1,593	569.3	257.2	23.3	69.0	918.8	0.48%
Beaconsfield	6,809	2,388.3	33.1	52.7	141.1	2,615.2	1.36%
Côte-Saint-Luc	9,379	3,136.7	136.1	38.1	263.9	3,574.8	1.86%
Dollard-Des Ormeaux	14,399	3,895.2	342.8	32.4	355.1	4,625.5	2.41%
Dorval	6,034	1,468.9	1,352.5	62.2	1,151.5	4,035.1	2.10%
Hampstead	1,868	1,332.2	0.0	4.7	72.1	1,409.0	0.73%
L'Île-Dorval	74	6.7	0.0	0.1	0.7	7.5	0.00%
Kirkland	7,088	2,179.0	495.3	21.0	80.3	2,775.6	1.45%
Montréal	373,434	98,649.2	32,040.0	1,567.7	22,517.1	154,774.0	80.70%
Mont-Royal	5,279	3,140.1	745.3	48.9	181.7	4,116.1	2.15%
Montréal-Est	1,207	178.6	590.0	32.5	39.0	840.0	0.44%
Montréal-Ouest	1,592	601.3	21.7	23.2	41.2	687.4	0.36%
Pointe-Claire	10,619	2,610.7	1,421.7	71.9	323.8	4,428.1	2.31%
Senneville	1,589	345.8	76.4	22.1	245.6	689.8	0.36%
Sainte-Anne-de-Bellevue	420	230.2	53.8	3.6	44.9	332.5	0.17%
Westmount	5,638	4,741.1	480.0	57.6	685.2	5,963.8	3.11%
Agglomeration of Montréal	**447,022**	**125,473.2**	**38,046.1**	**2,061.8**	**26,212.2**	**191,793.3**	**100.0%**

Source: Ville de Montréal, 2007-2010 four-year valuation roll, updated December 31, 2007.

General Statistics
December 31, 2007

20 LARGEST TAXABLE PROPERTIES

Identification	Address	Valuation roll (in millions)	Percentage[1]
		$	%
Place Ville-Marie	1-5 Place Ville-Marie	616.0	0.37
Complexe Desjardins	100-190 Sainte-Catherine Street, W.	474.6	0.29
Centre Fairview Pointe-Claire	6701-6901 TransCanada Highway	315.3	0.19
Tour I.B.M. – Marathon	1250 René-Lévesque Boulevard, W.	283.0	0.17
Galeries d'Anjou	8001 Galeries d'Anjou Boulevard	258.9	0.16
Le 1000 de la Gauchetière	1000 De la Gauchetière Street, W.	250.0	0.15
Brick	8701-9197 Acadie Boulevard	247.0	0.15
Le 100 de Gaspé	100 De Gaspé Street	235.0	0.14
Bell Centre	1200-1260 De la Gauchetière Street, W.	225.0	0.14
Eaton Centre	705 Sainte-Catherine Street, W.	210.1	0.13
Tour Bell	700 De la Gauchetière Street, W.	171.3	0.10
Caisse de dépôt et de placement du Québec	1000 Place Jean-Paul Riopelle	170.4	0.10
Rockland Shopping Centre	2305 Rockland	164.1	0.10
Place Versailles	7255-7525 Sherbrooke Street, E.	160.2	0.10
Carrefour Angrignon	7067-7101 Newman Boulevard	153.9	0.09
Place Victoria - Stock Exchange Tower	800 Place Victoria	153.9	0.09
Banque Nationale de Paris	1981 McGill College Avenue	148.9	0.09
Sun Life Building	1153-1155 Metcalfe Street	148.0	0.09
Place Bonaventure	800-900 De la Gauchetière Street, W.	133.0	0.08
E-Commerce Place	1350 René-Lévesque Boulevard, W.	132.1	0.08

1. Percentage applicable to the total valuation of taxable properties of $164,832.6 million of the 2007-2010 four-year roll, tabled on September 13, 2006, updated on December 31, 2007.

General Statistics (continued)
December 31, 2007

20 LARGEST NON-TAXABLE PROPERTIES SUBJECT TO PAYMENTS IN LIEU OF TAXES

Identification	Address	Valuation roll (in millions)	Percentage[1]
		$	%
FEDERAL GOVERNMENT AND AGENTS			
Aéroport international Pierre-Elliott-Trudeau[2]	Aéroport international Pierre-Elliott-Trudeau	858.6	3.28
Aéroport international Pierre-Elliott-Trudeau (Annex)	Hervé St-Martin	173.6	0.66
Société Radio-Canada	1400 René-Lévesque Boulevard, E.	103.7	0.40
GOVERNMENT OF QUÉBEC			
Palais de justice de Montréal	1 Notre-Dame Street, E.	174.2	0.66
Place des Arts	105-175 Sainte-Catherine Street, W.	151.0	0.58
SOCIAL AFFAIRS NETWORK			
Jewish General Hospial	4615 Chemin de la Côte Sainte-Catherine	161.4	0.62
Centre hospitalier de l'Université de Montréal	1560 Sherbrooke Street, E.	157.3	0.60
Hôpital Sainte-Justine	3165-3185 Chemin de la Côte Sainte-Catherine	123.7	0.47
Hôpital Maisonneuve Rosemont	5305-5415 De l'Assomption Boulevard	119.9	0.46
Royal Victoria Hospital	687-835 Avenue des Pins, W.	105.1	0.40
Douglas Hospital	6601-7105 LaSalle Boulevard	100.6	0.38
EDUCATION NETWORK			
Université de Montréal	2450 Édouard-Montpetit Boulevard	485.2	1.85
Université du Québec à Montréal	2080 Saint-Urbain Street	274.7	1.05
McGill University	677-961 Sherbrooke Street, W.	268.1	1.02
Université du Québec à Montréal	400 Sainte-Catherine Street, E.	164.3	0.63
Concordia University	1515 Sainte-Catherine Street, W.	157.0	0.60
École Polytechnique	2500 Chemin de la Polytechnique	137.9	0.53
Concordia University	7141 Sherbrooke Street, W.	109.1	0.42
McGill University	455-551 Avenue des Pins, W.	105.7	0.40
OTHER			
Palais des Congrès de Montréal	115-301 Saint-Antoine Street, W.	299.9	1.14

1. Percentage applicable to the total valuation of tax-exempt properties of $26,212.2 million for the 2007-2010 four-year valuation roll, tabled on September 13, 2006, updated on December 31, 2007.
2. Main account

General Statistics (continued)
December 31, 2007

20 PROPERTIES GENERATING HIGHEST REVENUES FROM TAXATION

Identification	Address	Revenues [1] (in millions)	Percentage [2]
		$	%
Place Ville-Marie	1-5 Place Ville-Marie	24.9	0.91
Aéroport international Pierre-Elliott-Trudeau [3]	Aéroport international Pierre-Elliott-Trudeau	22.6	0.83
Complexe Desjardins	100-190 Sainte-Catherine Street, W.	19.0	0.70
Tour I.B.M. – Marathon	1250 René-Lévesque Boulevard, W.	11.7	0.43
Le 1000 de la Gauchetière	1000 De la Gauchetière Street, W.	9.5	0.35
Galeries d'Anjou	8001 Galeries d'Anjou Boulevard	9.4	0.34
Palais des Congrès de Montréal	115-301 Saint-Antoine Street, W.	9.4	0.34
Brick	8701-9197 Acadie Boulevard	8.0	0.29
Palais de justice de Montréal	1 Notre-Dame Street, E.	7.8	0.29
Eaton Centre of Montreal	705 Sainte-Catherine Street, W.	7.7	0.28
Bell Centre	1200-1260 De la Gauchetière Street, W.	7.6	0.28
Caisse de dépôt et de placement du Québec	1000 Place Jean-Paul Riopelle	7.6	0.28
Place des Arts	105-175 Sainte-Catherine Street, W.	7.5	0.27
Tour Bell	700 De la Gauchetière Street, W.	7.2	0.26
Aéroport international Pierre-Elliott-Trudeau (annexe)	Hervé St-Martin	6.9	0.25
Sun Life Building	1153-1155 Metcalfe Street	6.6	0.24
Place Versailles	7255-7525 Sherbrooke Street, E.	6.4	0.23
Place Victoria - Stock Exchange Tower	800 Place Victoria	6.3	0.23
Université de Montréal	2450 Édouard-Montpetit Boulevard	6.3	0.23
Banque Nationale de Paris	1981 McGill College Avenue	6.3	0.23

1. These revenues consist of water, services and property taxes.
2. Percentage applicable to fiscal 2007 mass income tax revenues of $2,729.4 million. (including taxable and tax-exempt properties subject to payments in lieu of taxes)
3. Main account

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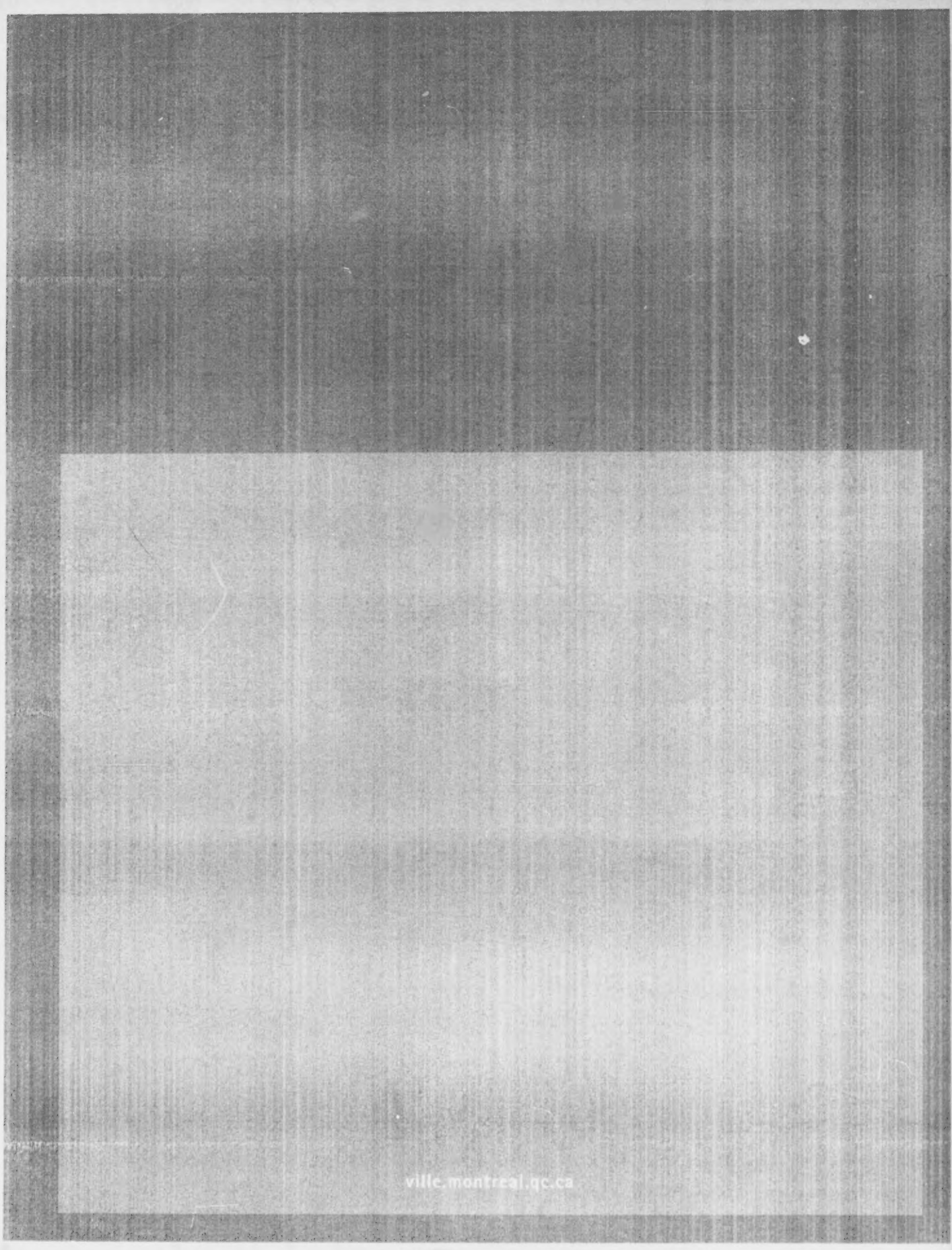
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